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ABSTRACT

A comprehensive introduction to all phases of college fund-raising is presented in 14 chapters. Attention is directed to the philosophy behind development, development's role in institutional advancement, and the personal qualities that lead to success in fund-raising. Basic principles also are covered for the following: annual giving, the capital campaign, deferred giving, foundation and corporate support, research and recordkeeping, and computer applications for development. Titles and authors are as follows: "Building Your Development Philosophy" (David R. Dunlop); "Career Advancement in the Development Profession" (H. Sargent Whittier, Jr.); "No 'Instant' Fund Raisers" (John E. Dolibois); "The Role of Development in Institutional Relations" (Susan L. Washburn); "What the President Expects of Development Officers" (Edward G. Coll, Jr.); "Computer Applications in the Development Office" (Emily Plizenmaier); "Research and Records" (Dennis M. Barden); "The Annual Fund" (Cynthia Gelhard McCaskey); "The Capital Campaign" (Ronald A. Joyce); "Deferred Giving" (Frank Minton); "Corporate Relations: The Institutional Perspective" (E. Thomas Ezell); "Corporate Relations: The Corporate Perspective" (Frances M. Kelly); "Foundation Relations: The Institutional Perspective" (Robert B. Rasmussen); and "Foundation Relations: The Foundation Perspective" (Walter E. Brooker). (SW)

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An Introduction to Fund Raising:

The Newcomers' Guide to Development

Paula J. Faust, Editor

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FOREWORD

This volume is designed to get you started in the advancement field and to give you a perspective from which to grow. While it emphasizes the basics -- organizing the development staff and defining responsibilities -- it also provides a great deal of insight and sound advice for the experienced as well as the new fund raiser.

An understanding of what development is, why it is important, and what is required for success is an essential introduction to the fund-raising process. The first three chapters are written by people who have devoted their careers to this field. They deal with the philosophy of fund raising, the personal qualities necessary for success, and career advancement.

Institutional advancement requires many ambassadors. Development officers must both understand the goals of the institution and how they are set, and support the president in the effort to achieve those goals. To do so effectively requires a knowledge of where the development operation fits in the total institution and an ability to work cooperatively with internal and external groups and the president. The next two chapters focus on these important relationships.

The nine chapters on organization provide definitions and how-to information particular to each area of development, including research and record keeping. In the foundation and corporate chapters, you'll find perspectives from both sides of the desk. Whether you're seeking an annual gift from a parent, a capital gift from an alumnus, a project grant from a corporation or foundation, or a deferred gift from a friend, you must follow four basic steps. Your format and timing may vary, but your strategy must include cultivation, solicitation, acknowledgement, and reinforcement.

I would like to thank Patti LaSalle Alberger and Barbara McKenna of the CASE staff whose help and editing made this handbook possible. Special thanks to the authors for taking the time to share their knowledge and ideas with newcomers.

As a new or prospective development professional, you face a challenging and exciting career. As with most things, your rewards will depend upon what you give of yourself. I urge you to give fully -- there is much to get!

Paula J. Faust
Editor

Director of Annual Giving
St. Lawrence University

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Chapter 1

BUILDING YOUR DEVELOPMENT PHILOSOPHY

David R. Dunlop
Director, Capital Projects
Cornell University

Educational fund raising is almost unique to the United States of America. Providing over $7 billion per year, it is also crucial for this country's educational system.

Yet as crucial as the development function is to institutional survival, it is unfortunate that the profession itself is one of high turnover. According to the 1982 CASE Institutional Advancement Survey, the average tenure of an advancement professional at an institution is less than three years. Along with this transiency there are also great differences in the levels of professionalism. While some development practitioners are highly professional, others can be called, at best, fund-raising technicians. Your perception of development can mean the difference between functioning as a professional or merely as a technician. This chapter offers some thoughts to consider as you build your own understanding of what development should be.

The long and short of development

Development activities have been organized successfully in many different ways to meet many different fund-raising objectives. It would be impossible to describe them all in one short chapter. Instead, this chapter will focus on two ends of a spectrum of development philosophy. One end of that spectrum, which I call short-range development, places emphasis on the processes of solicitation. The other end of the spectrum, which I call long-range development, recognizes the need for skillful solicitation, but also stresses the importance of building the relationships that will generate future gift support.

Short-range development

For some practitioners, the field of development focuses strongly on the various processes of solicitation. Their concern centers on the timely and effective solicitation of gifts. Their focus is on organizing staff and volunteers to identify likely prospects (individuals, foundations, corporations, and other

organizations), and on identifying the right person, to ask in the right way, at the right time, for the right purpose, in the right amount. They rely on the existing interest and good will of the prospect for a favorable response. The success of the solicitation will be influenced by peer example, peer pressure, the solicitor's clout, institutional prestige, and a variety of other factors such as the appeal of the charitable purpose the proposed gift will serve. This view of development places a premium on matching institutional objectives with prospect interest. It is particularly valid when prospects for gift support publicly identify the purpose for which they will give support, as is true for many foundations and corporations.

The late Harold J. "Si" Seymour and other leaders of our profession have offered a number of guidelines that are pertinent to the solicitation process and, therefore, of particular significance to short-range development activities:

1. Focus on educational ideas. They have more appeal to a prospect than campaign requirements.

2. Relate your appeal to causes and purposes that are broader than the institution.

3. Take both the emotional and rational dimensions of a person into account in asking for a gift.

4. Couple your request with a sense of urgency.

5. Never argue with a prospect. When differences arise, share information upon which sound judgements can be drawn.

6. Offer to work with a prospect's legal financial and/or tax advisors. Significant gift decisions are often made in consultation with them.

7. Keep in mind that most givers consider their gift as the means to an end and not the end itself. Acknowledge both the gift and the purposes it serves.

8. Remember that a very small number of givers usually provide most of the dollars. You can reasonably expect 5 percent of your donors to provide 90 percent of the dollars.

9. Bear in mind that one gift is a good stepping stone to another.

10. Recognize the value of understatement.

These guidelines are, of course, of equal importance and value to the solicitation phase of long-range development.

Short-range development is most appropriate when a premium must be placed on gaining immediate results. However, when an institution can base its fund-raising philosophy on criteria that will generate the greatest support over the long term, short-range development is too limited.

In the long run, short-range development will create a situation that is analogous to an industry that sacrifices its investment in research and development to increase annual earnings. Before long, its products are no longer competitive. Because our schools, colleges, and universities must continue to provide their service to society over the long term, they cannot afford to limit their concept of development to short range except for brief periods or for special purposes. Educational development activities need to include responsibility for the long-term development of an institution's relationship with its various sources of gift support.

Long-range development

Long-range development goes beyond short-range by also assuming responsibility for developing the prospect's relationship with the institution seeking gifts. G.T. Smith of Chapman College described this concept of development as a process of changing people's perspective of your institution from the third person, in which they think and speak of it in terms of "they, them, and those", to the first person, in which they think and speak in terms of "I, we, and us." Once this change is made the prospect is no longer giving something away, but is contributing to something of which he or she is a part.

Smith associated this view of the role of development with an idea he called the "Moves Concept". Under this concept the practitioner is concerned with generating a stream of initiatives or moves, either directly or indirectly, to:

1. identify prospects who have the capacity and some likelihood to give;

2. gather prospect information upon which to base subsequent moves;

3. develop prospect awareness of the institution or projects for which gifts are sought;

4. develop prospect interest in the institution or projects for which gifts are sought; and

5. develop prospect commitment.

Once a prospect is identified, the cycle of moves to create information, awareness, interest, involvement, and commitment continues over and over again.

There are some principles to guide the pursuit of long-range development. These are the principles of: prospect selection; critical mass of initiative; key players; fixed responsibility; and mirror syndrome. To understand long-range development you need to be familiar with these principles.

Prospect selection

As a development practitioner you will seldom, if ever, have the time and resources to do all you would like to do for your institution and its friends. You will have to be selective about the prospects and projects toward which you direct your efforts.

Your efficiency and productivity will also depend on recognizing those prospects who are not only capable of making significant gifts but who are also likely to do so. Si Seymour used to suggest that any constituency could be divided into the following five groups:

1. Those who see the need and respond without being asked.

2. Those who are responsive when simply told of the need.

3. Those who need to be persuaded, but will eventually respond.

4. Those who may or may not respond, even when heavily persuaded.

5. The inert fifty -- nothing could ever get them to give.

How well you are able to distinguish the group into which each prospect falls and how well you are able to focus your time and resources on prospects of the first three groups will greatly affect the efficiency of your fund raising.

Don't dismiss too quickly the person who complains loudly and passionately about your institution or about some action it has taken. Strong feelings, even if negative, are a sign of caring and vastly more encouraging for future support than indifference.

Critical mass of initiative

The relationship between a prospect and your institution is a type of friendship. Like any other friendship it flourishes

best when it is given frequent and regular attention. A prospect is unlikely to give or commit any substantial portion of his or her resources to your institution unless that prospect is frequently and regularly involved with it. Continuity is important. If your institution is not in the thoughts and consciousness of your prospects at least every few weeks, it is likely that other charitable organizations with which they are involved will take precedence in their lives and in their giving. Infrequent attention, no matter how intense, is usually wasted. It is up to the development professional to devise ways to make sure that the institution's relationship with the prospect is reviewed on a regular basis and that there is both frequency and continuity to the initiatives taken to sustain that relationship.

Key players

In almost any situation there are a few key people who play a crucial role in sustaining the prospects's relationship with the institution. Careful attention should be given to these key players. The individuals who make up an institution's natural links to a prospect are usually more important and more effective than those imposed by the institution's development organization. Keep this in mind when you assign faculty, staff, or volunteers responsibility for a prospect.

Fixed responsibility

Fixing responsibility is as important to the accomplishment of development work as it is in any other area of management. G.T. Smith developed the concept of "primes and secondaries" for this purpose. This concept not only recognizes the key players, but also recognizes that one among them is likely to be in a better position than the rest to monitor the progress of the prospect's relationship with the institution and to direct new initiatives. Smith calls this person "prime," and the other key players "secondaries." The prime needs to be someone who is willing and able to determine what initiatives are appropriate or not appropriate for building the prospect's relationship with and support of the institution. It is the development practitioner's job to devise appropriate means of communication and coordination between the prime and secondaries so that they can coordinate their efforts. Whether you use Smith's "Moves Concept" and its nomenclature of "prime and secondaries" or some other device, the process of fixing responsibility for initiatives is essential to long-range development.

Mirror syndrome

Sooner or later every development professional is likely to encounter the "mirror syndrome." This arises when the key players -- prime or secondaries -- are associated with a special interest at the institution. For example, when prospect A talks with the college's director of athletics, in all likelihood they will talk about athletics. Their conversation may convince the director of athletics that A's foremost interest at the college is athletics. But when the chair of the music department talks with A, he or she comes away equally convinced that music is A's greatest interest at the college. The truth may be that A's interest is in neither of these areas. It is the development practitioner's responsibility to understand the mirror syndrome and take it into account when determining a prospect's real interests.

Creating ideas that live

If you called together five different development professionals and asked each of them what they considered to be the most essential and central characteristic of their work, I suspect you would hear five different answers. One might focus on knowledge of the means of giving; one on fund-raising organization and management; another on communication skills; and still another on the psychology of giving. While I respect the attention these elements of educational fund raising receive, I believe that the key to substantial success does not rest principally on these elements. Our success and the true nature of our business is based on helping people to participate in ideas -- ideas that are pertinent to human concerns, that are original, practical, ideas that reside not so much on the printed page of case statements and brochures, but in the hearts and minds of men and women who believe in our institutions. Our business is one of sharing such living ideas.

One hundred and eighteen years ago my own university was but a living idea in the hearts and minds of two men standing in a cow pasture that is now the site of our campus. They made their vision of a new university their living idea and to it they committed their lives and their resources. They also shared that living idea with others who adopted it, expanded, and even changed it. And these people also gave a measure of themselves and their resources toward its fulfillment.

Those who accept this philosophy of development must deal with the whole person. They cannot limit their efforts to short-range development. They are the ones who help people change the prospect's view of their institution from the third person to

the first person. They are the development professionals who build the opportunities for people to become aware, interested, and involved with their institution and to adopt that institution's living ideas as their own.

The education, public service, and research activities of our schools, colleges, and universities are among the highest accomplishments of mankind. As a development professional you are in the business of helping people to participate in this enterprise either directly or through their corporations or foundations. Good luck.

Chapter 2

CAREER ADVANCEMENT IN THE DEVELOPMENT PROFESSION

H. Sargent Whittier, Jr.
Vice President for Development
St. Lawrence University

We can define success in a variety of ways, but I confess a personal prejudice in my definition. To me, success is being good at what you do, thus advancing education, and doing your work in a way that brings both satisfaction and enjoyment. The first step to being successful may very well be choosing your career for the right reasons.

A career in development offers a wide variety of experiences and challenges. To be good at it is not easy, but on the other hand success is not limited to a very few. Many people in scores of institutions can achieve success. And, the beauty of such success is that it is not selfish. For to achieve true success means to make a difference in the lives of people and in the lives of institutions critical to our society.

This leads to a fundamental requisite for success: You must understand education in depth, care about it, and develop a personal commitment to it. I suppose you can achieve a degree of success without a commitment to education, but it would be only a degree. It would preclude the very real satisfaction to be gained in the profession. It is exhilarating to be involved in the successful development of an important gift or in the completion of a campaign; but the inner sense of real accomplishment comes only when you see and understand, at close range, the difference that such things make in the educational program. Believe, understand, and care -- and don't by shy about wearing those qualities on your sleeve. It will work to your advantage!

Personal qualities are the stuff of which a successful career is constructed. John Dolibois, who invested more than 30 years serving his distinguished institution, said a great deal about this when he wrote for CASE CURRENTS in October 1981. A reprint of his article follows this one and I commend it to you as important reading.

Personal qualities have a direct and important effect on success. It may be self-evident, but intelligence, or at least the manner in which you continue to develop and stretch your mind, makes a difference. Caring about what you do and with whom and for whom you do it makes a difference. Having integrity and high standards of ethical behavior set the best of professionals apart from the rest.

Many tasks can be accomplished by simply getting at the task, but success and advancement come to those who are accustomed to seeing each task in a context. Seeking the broader understanding and especially thinking ahead to the effect of each assignment on the next two or three are ever useful approaches.

A well-developed sense of humor and perspective are to be cultivated in this profession, as in most I know.

Communication skills are among the critical skills successful development officers acquire. Fortunately, they can be learned, but the process takes a great deal of practice. The first steps include developing logical processes of thought so that what you communicate makes sense and cultivating the art of listening so that you know and understand what others are communicating. Speaking, even in small groups, does not come easily to any of us. It comes only with practice. Find as many occasions to do it as you can and seek the criticism of listeners you respect. The same is true of writing. Work at it and find one or more good critics to help you. We are in the communications business.

It has always been important to those "selling" education to understand the process and the institution. As times become more challenging, it is even more important. Becoming acquainted with teachers, deans, and department heads and understanding what they are doing and their future aspirations is fundamental to development work. What may not be obvious is that it is also important to know how an institution is managed. We do not do our work in a vacuum. I urge you to understand the challenges of faculty staffing and tenure patterns, the manner in which priorities are set and plans made, and to understand financial statements and, most importantly, what they mean. The further you advance in your career the more critical this will become. Chief advancement or development officers are expected to contribute to overall management.

Advanced degrees or additional coursework can be most useful. We are in an environment that values credentials. But, more importantly, such activity helps stretch and exercise the mind, as well as develop skills. Any degree program is useful, but it is my view that it ought to be tough and rigorous. We all know about soft degrees. Others know what they are, too. Go for the one that counts. If you aspire to management and if management is to be a key to academic viability in the future, why not consider the MBA?

Learning your job and the development field are central activities. Try to choose an institution where good mentors are available and where the style of operation encourages both internal and external personal development.

CASE provides a wide array of learning opportunities including workshops, conferences, institutes, manuals, books, and a reference service. Take advantage of these to the greatest extent possible. Through them you will also come to know some of the best professionals in the business. Cultivate those friendships. By and large, we are in a noncompetitive business and it is marked by a willingness to share. Find yourself a few mentors and use them thoughtfully and judiciously. When you can, visit the institutions where things are done well and see how they are done at first-hand. Don't write letters asking people to "send your office by return mail." If you have general questions, go there or call.

More is being written in our field every day. Keep abreast of what is available. Read and study whatever you can. Be a sponge, but wring yourself out occasionally by applying critical analysis and plain old good sense to what others write and say. CASE can provide a good bibliography and CASE CURRENTS reviews most new work. By observing the listings and descriptions of award-winning programs, you can also determine what to observe and where.

Now, a few comments about career planning and strategy. Choose the institutions you serve with care. Seek ones you can serve with conviction, where there is opportunity to be involved, or at least exposed, broadly in all aspects of advancement, and where the job offers real challenge and responsibility. Be more than a "hired gun." Once in a job, stay with it until you have made a real impact by serving well. Wait until you have satisfied yourself that you have developed your own skills to the degree that you are ready for a broader challenge. Don't jump around too quickly. If you are good, there will be tempting opportunities. Weigh them carefully, but remember they will continue to present themselves. Knowledgeable employers will be skeptical that someone who has had three positions in five years is a good investment. Investment is the right word in good professional "shops" because it takes time to be productive, and the institution will be prepared to invest the time and money it takes to help you achieve real success. Once in a position, seek a variety of challenges, even those that fall outside your immediate area of responsibility.

Relationships with one's supervisor are important, not only in successful performance but in professional advancement. Learn all you can about the manner in which your boss functions. How does he or she like to receive recommendations, reports, and information? How much does the boss want to know? How does your boss make decisions? Does he or she like to have you drop in or make appointments? If your supervisor does not schedule regular reviews of your performance, ask for them and show a willingness to be open and receptive to recommendations and comments. The process is not easy for either party, but it is critical for both.

Satisfaction and professional development are enhanced by participation in the affairs of CASE. The wise professional will participate and volunteer to help. The opportunities may be modest at first, but working at the registration desk of a district conference is a splendid way to meet a lot of people. When you have something to say, and that will be sooner than you may think, seek opportunities to speak and to write for CASE CURRENTS or other publications. The experience will serve you well, expand your visability in the profession, and assist others in their work.

Development work can be challenging and fun. Most of all it can be rewarding. Those of us who have invested a career in the field are pleased when bright and capable people choose it. There are many who care about your success and wish you the very best our profession has to offer!

Chapter 3

NO "INSTANT" FUND RAISERS

John E. Dolibois
Ambassador to Luxemborg
Formerly, Vice President for Development
and Alumni Affairs
Miami University

How often have you heard that "people give to people"?

Well, it's true! People contribute for buildings, for institutions, for organizations. They make the check payable to one or the other, and they want their money to support the program or the project. But somebody, some live human being, is the switch that turns them on. That one person is the persuader. I don't know why we neglect to keep that in mind when we seek the new director of development, of alumni affairs, of annual or planned giving.

The Chronicle of Higher Education announces vacancies. The ads call for persons with an advanced degree; five to 10 years of experience; and completion of workshops, seminars, and training sessions. And the applicant will surely clinch the job if he or she has "published" something.

But in my 34 years at the same desk, I have never sought a staff person with the above requirements. I look first for character and intelligence. We can train people to organize volunteers, to conduct a direct mail campaign, to develop a planned giving program, or to stimulate interest in an alumni club or class reunion. But we have never been successful in building character where it didn't already exist.

While broad education is desirable, a staff member with strong character and intelligence will seek the necessary education, and then some. Maybe you can't pin a diploma on character, but we are in business to cultivate support for our institutions, not to impress our associates. The alumni director or development officer who has both a strong character and a good education has a great future.

What do I mean by character? The person representing our institution to a prospective donor must have the integrity that instills confidence. The solicitor must impress the constituent with his or her sincerity and conviction.

Volunteers being recruited to work on a campaign or to organize an alumni event must feel certain that they will get the backing and service promised by our staff member. Only

after years of exposure to that representative will donors trust him or her implicitly and give substantial support to the program, project, or building that needs funding. The donor will give that support through the person who has inspired the contribution. People give to people.

"But," you say, "that takes a long time. We need a development officer who can go out and get a contribution now. We can't wait until he or she has developed those friendships, that confidence, the 'cultivation.'" Ah, there's the rub!

Too many of our institutions are looking for the instant fund raiser. They want to organize the campaign tomorrow, reach the goal next month. Furthermore, the potential development officers or alumni directors don't have time to get acquainted. They are on their way up. They have no long-term commitment. They were assistants two years ago at ABC School, associates last year at DEF Institute, they just arrived at GHI College as directors and expect to be vice presidents at XYZ University next year. They have no time to make friends. They are committed only to their immediate title, their instant success. Soon they feel perplexed and frustrated: "What's wrong with those volunteers? Why aren't they helping me get ahead?"

I said earlier that I look for character and intelligence in new staff members. The latter is basic. The former includes a strong career commitment -- a pledge to look upon the position as an entree to a profession, not a stepping stone to a bigger title elsewhere.

It is impossible to be successful in our profession in a short year or two. You cannot succeed unless you are willing to commit yourself and have the patience to develop a program, cultivate a donor, train a volunteer, and follow through. Only then will you reap the rewards our profession can offer.

I am confident that my 34 years in one place were not wasted. It took patience, perseverance, determination, and a lot of other things I like to think of as character. When I hire new staff people, I look for those who want to enter a great profession, who want to be builders, who know where they want to go. I look for those people to whom other people will give.

Reprinted from CASE CURRENTS, October 1981

Chapter 4

THE ROLE OF DEVELOPMENT IN INSTITUTIONAL RELATIONS

Susan L. Washburn
Director of College Relations and Development
The Evergreen State College

A development officer is not a pilot. You don't steer the institution; you act as a support person. You can ride "shotgun" to help thwart potential danger. You can serve as a navigator assuring that your institution stays on track, but you don't decide which route to take. You don't determine your school's mission; you help it to implement and attain its goals and objectives.

This is stern stuff. However, it's important to learn early on that the development office does not run the show. If it does, then your institution is out of balance. Let me give you an example.

Your faculty governing body has approved an interdisciplinary major in environmental studies and your president has indicated that she would like you to seek funding from several oil and chemical companies for a three-year pilot program. You know that this is a controversial program with many of your corporate prospects because they are concerned about being portrayed as villians. Do you tell your president that such a program shouldn't be offered at Alma Mater U? No. You share your concerns with the president and the faculty planners. You indicate to them, to receive corporate funding, they must make sure that the program presents environmental concerns in a balanced perspective. If that feels to them like an unreasonable compromise -- an infringement upon academic freedom -- then you need to suggest that perhaps funds should be sought from other sources, such as an individual or group of individuals.

Another case in point: You have an individual prospect who has indicated that he would like to endow a chair in computer science at your institution. You're delighted because this is a top priority need. He has only one stipulation: The chair may only be awarded to white female faculty members. Do you tell him that this violates your institution's hiring policies, but you're sure you can make an exception? No. You share with him the college's policies and ask him to think about his criteria. You then alert your president who should follow up with this prospective donor.

I can still remember, some 10 plus years later, the first corporate call I made. I was anxious to share with my prospect the exciting and enriching academic program at my institution. Before I'd completed my first sentence, he cut me short and told me he would never support a college that permitted someone like anti-war activist Jane Fonda on the campus. I was stunned and speechless and I returned to my vice president for development with great concern about our offending prospective donors with questions like "Shouldn't-the-Development-Office-be-doing-something-to-make-sure-this-doesn't-happen-again?" Then came lesson #1 on the role of the development officer as ambassador and interpreter, but not as controller. I went back to that businessman and explained to him that we believed that a college campus should serve as an open forum for differing ideas and that perhaps he'd be interested in hearing William F. Buckley the following week. His subsequent $100 gift to the college remains an especially meaningful one to me.

I'm not suggesting that you or your office act as a doormat. You have a strong obligation as a person who plays a key external role to provide input which can lead to informed decisions. The word "development" is not merely a euphemism for "fund raising." Your role is not simply to bring in dollars, but to contribute to your institution's long-range planning process with pertinent advice and counsel.

Members of a development office are inherently vital ambassadors for their school, college, or university. It's important for you to be aware that you are a key representative of your institution. This role brings with it several responsibilities.

1. <u>You must be well-informed about your institution.</u> You need to be armed with facts and figures, interests, concerns, strengths, weaknesses, and major campus issues. You need to be up to date on people -- students, faculty, and staff. That means that you make the extra efforts to get to know faculty on their turf: their offices, their gathering places and, of course, their classrooms. The same goes for students. Attend some of their social functions; get to know student leaders. Take the risk of joining a group of students at the snack bar. It's important for you to have a sense of the life of your institution -- warts and all.

2. <u>You must deal honestly with your institution's constituencies.</u> It's easy to wax so enthusiastic that you seem superficial and unaware of your institution's weaknesses. Members of your school's family -- alumni, parents, friends, and others -- know your institution isn't perfect and appreciate your candor. In fact, they expect it.

3. <u>You must realize that many people will judge your institution by you alone.</u> How well prepared you are, how you dress, how quickly you follow up, and how you behave are all part of that evaluation process. In some ways, you become a very public figure and it becomes a challenge to separate you, the private community member, from you, the college official.

You have an important internal educational role as well. I mentioned before that it's essential that the development office be involved in the planning process. Too often I've heard stories about trustees or presidents making major decisions about institutional directions that all hinge on receiving significant outside private support without the chief development officer being involved in preliminary discussions. The staff member is then directed to "find the money" -- a process programmed for failure. You have a responsibility to help your institution's leadership think realistically, to remind them that money doesn't grow on trees. At the same time, you must avoid being a voice of pessimism, an impeder of creativity and forward thinking. You are a key facilitator in striking a balance between reality and possibility.

You also need to be sensitive to how others on campus perceive the development office. More often that not, it's assumed by faculty, other staff, and even students that the development office is full of "fat cat" staff members with huge expense accounts who jet-set to exotic places and eat high off the hog. It doesn't usually settle well when faculty travel budgets are being cut and the development office budget is being increased. Be aware of these feelings. Share with your campus colleagues the hows and whys of your work. And, when it seems more appropriate, talk about something else rather than add fuel to the fire. It's hard to convince the hard-core skeptics that staying in motels and eating out can be really lonely and boring and that you're doing it for the good of the cause. However, there are always the individuals who understand the need to "spend money to make money." They can be your best in-house ambassadors.

The development office is a service office. Your role is to help provide the financial support that will enable your school to carry out its mission and achieve its goals and objectives. You have many constituencies to respond to: alumni, parents, friends, corporations, foundations, community members and organizations, faculty, staff, and students. You must strive to be understanding, cooperative, supportive, and motivating. For example, the development office must be sensitive to the concern that alumni may have about only being seen as sources for dollars. Parents may feel that they're already paying tuition and that's enough. Community members may have completely different expectations about your institution's role.

Faculty member X may feel you should be raising funds for rare books in Middle English while faculty member Y can't understand why you haven't found the money for a new scanning electron microscope.

Every once in a while you may get a twinge of feeling that it would be much easier to do your work if you didn't have to deal with students. Then it's time to chuckle and remind yourself that they are the reason you're here.

It's important for the development office to have a good working relationship with the president. Such a relationship can only be based on mutual trust and respect. If your president knows that you will only involve him when it's timely and appropriate, then he will respond positively when you tell him you need him. If your president is a dynamite public speaker or great in one-on-one or small group meetings, then she will appreciate your sensitivity in not placing her in lots of large cocktail party settings where she can't remember names. Your job is to make sure your president is well prepared for any donor prospect call. Poor research and incomplete background information provide a breeding ground for lack of trust.

When there is trust between the president's office and the development office, then there is an environment for creative brainstorming, sharing of important "inside" institutional information, and access to trustees. It's vital for the development office to have a good working relationship with the institution's trustees. They are your institution's prime leaders. They ultimately bear the responsibility for your successes and failures. They must be cultivated, informed, and involved. They too must have a sense of trust and respect for your office. If they do not, your office will be severely handicapped and eventually incapacitated.

I'd like to add a few words about small development shops. Your role in your institution is just as important as that of your counterparts at larger schools. The small shop, however, must even more carefully identify strengths and priorities. The small shop that tries to do everything -- annual, capital, and deferred fund-raising programs, public and private grant support, reunion gifts, special event fund raisers, and so on -- is on a fast course for frustration and failure. You must provide direction and education for your institution's leadership about which programs are most sensible, cost effective, people effective, and have the highest gift potential for your school right now and in the future.

Does the role of the development office differ greatly between private and public institutions? To some degree -- but the differences are becoming less and less apparent. However, the role of the development office in a private institution can be painfully clear. Independent schools and colleges simply cannot depend on tuition income alone to cover the cost of operating these institutions. They are greatly dependent on outside gift and grant income to take up the gap in the annual operating budget with unrestricted contributions. State-supported institutions are experiencing more and more the public school version of the independent institution's operating budget gap. That is, as state legislatures reduce their tax dollar support for public education, public institutions become more dependent on private support to provide the "quality" difference -- the levels above a simply basic education. The challenge for the public school development office is multi-faceted. Prospective donors may feel that the institution is state-supported and, therefore, doesn't need private funds or they may be concerned that the addition of their private gifts will be offset by a corresponding reduction in the school's appropriated funds. Donors to public institutions may be more likely to restrict their gifts than to trust the bureaucracy of a state institution to use the funds where they are needed most. Raising public awareness about needs, creating a separate foundation for the receipt of all private gifts and grants, and identifying designated gift opportunities that address the institution's most pressing needs are all ways to respond to the challenge of raising private funds for public education.

The development office is essential to your institution. It plays a vital role. However, your office is not the most important one on campus. It's true that it's important for you to be a strong advocate for your office. However, you can be a much more effective advocate if you have a solid perspective not only on the role of your office, but also on the other offices at your school. For example, before you insist that the president must meet with Ms. Major Donor Prospect next week, you should have a sense of the other demands on his schedule and your colleagues' needs for his attention. Perhaps, it's much more important that next week your president attend a faculty council meeting on collective bargaining, be present at a student gathering about tuition and curriculum concerns, or address the local Chamber of Commerce about college and community relations.

The role of the development office is an exciting, dynamic, challenging, and sometimes frustrating one. You, as a development officer, are a marketer, ambassador, interpreter, salesperson, planner, negotiator, facilitator, researcher, steward -- a true "developer." Keep your communications skills sharp, maintain your balanced perspective, and never lose your sense of humour.

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Chapter 5

WHAT THE PRESIDENT EXPECTS OF DEVELOPMENT OFFICERS

Edward G. Coll, Jr.
President
Alfred University

Perhaps no single individual will have more impact on the success of your advancement career than your institution's president. As advancement professionals, it is important that you understand the role of the president in your program. Equally important is your understanding of what your president will expect of you as a development officer. In this chapter we will touch on both responsibilities and expectations.

How the president views development

In all likelihood, your institution's president will be the most beleaguered person on your campus. The position demands long hours, patience, intelligence, accessibility, diplomacy, and salesmanship.

It is essential for the advancement professional to clearly understand that the development function, although one of the most vital at the institution, is only one of many with which the president is directly concerned. Be assured that your colleagues in academic services, student affairs, financial management, and other major components of your institution consider their functions to be equally important, and they will make similar demands on your president's time. Recognizing the constraints imposed by your president's calendar and energies is your most important task.

As you will note in other chapters, considerable space is given to the management role of development officers and the need to be "accomplished generalists." The references are made so frequently as to be trivialized. However, all good advancement officers have these two qualities. Your president expects you, as a manager, to supervise the day-to-day activities of your advancement program and the personnel assigned to it. Included in the management responsibility is the constant monitoring of all fund-raising programs as well as the strategic planning required to chart your institution's future. It will be your role to assure the president that all functions are running up to expectations, and to provide adequate advance warning when you anticipate problems. Your president will look toward you constantly for advice and guidance on matters of institutional advancement. He or she sees your role as one of orchestrating the myriad external

programs sanctioned by your institution. You will also be the college's pathfinder for new programs that will benefit the president's administration and the institution.

As an "accomplished generalist," your job must also embrace a thorough knowledge of all aspects and programs within your institution, since your advancement activities, if functioning properly, will undoubtedly touch on the total personality of your school. The president needs your advice and counsel as he or she makes decisions in other areas that have either a positive or a negative impact on the advancement program. In meetings with donors, prospects, or legislative groups, your president is going to depend upon your institutional knowledge to bolster his or her own as issues or questions arise from these diverse groups. If the definition of one's activities is restricted solely to the "management" of the development function, a severe limitation will be placed on an advancement officer's ability to succeed. This is of limited value to a college or university president.

How to become indispensable

Outlined below are specific areas involving the advancement officer and the institution's president. As a sitting president and a former development officer, I can tell you from first-hand experience that the tips that follow will be keys to your success, or lack of it, during your advancement career.

The president's calendar: Be certain you reserve enough time on the president's calendar for advancement activities. Review your calendar requirements with the president at the start of each academic year and work through the next 12 months to isolate specific dates on his or her calendar to coincide with your development planning. Your calendar should include time for office visits with the president to review day-to-day activities within your function. From time to time, you will necessarily have to cancel certain of these dates. Frequent cancellations, however, will be an irritant to your president; they will also suggest that you are not doing your job.

Donors: It is your responsibility to be certain that your president is in frequent contact with major donors and occasional contact with other donors to your institution. You must be certain the president is sending to your donors important publications, news releases of particular interest to certain donors, congratulatory notes where applicable, birthday and anniversary cards, or letters of special communications

which have specific importance or meaning to particular donors. It is not the responsibility of the president's staff to prepare such communications. This job is strictly yours; it is one your president is going to insist you assume.

Donor prospects: You must exercise judicious restraint in the use of your president's time with potential donors. It is your job to assess the potential of these prospects and to be certain the president is not spending his or her time in the "thick of thin things." Nothing is more disturbing to a president than to waste several hours on a prospect whose potential as a donor is limited.

Legislators and public officials: As an advancement officer it is possible that your responsibilities will also include public affairs and legislative relations. As with donors, it is extremely important that your president has an established communications program with legislators, keeping them constantly apprised of your institution's accomplishments, programs, and projects. It is also vital that your president be involved in the legislative process to a degree that his or her credibility is never questioned and that he or she is looked upon as a resource by your various legislative delegations. If your institution is part of a public system, it will be your responsibility to exercise prudence and care in your president's dealings with legislators to be certain they coincide with those of the system's leadership.

Foundations and corporations: In most private institutions, foundations and corporations play an important role in the support of annual and capital campaigns. The initial cultivation of foundations and corporations should be the responsibility of the development staff. When the development officers are convinced that a "match" exists between a funding source and their institution, the president should then be used in the continuing cultivation process so that a confidence factor can develop between the foundation's director and the president. Reserving time on the president's calendar will allow for cultivation trips to foundations and corporations to the enhancement of your institution's ultimate success with these funds.

Alumni: Alumni always play an important role in the life of any college administration. The president should be briefed constantly on the activities of alumni and the specific role he or she should have in alumni activities. Careful consideration should be given by the development officer as to the time allotted by the president to alumni activities so that each appearance has significant impact and the president is spared the necessity of becoming personally involved in many of the mundane activities associated with alumni associations.

Board relationships: A secure president will usually provide unlimited access for the advancement staff to members of the institution's governing board. This privilege should not be viewed lightly or taken casually. Astute advancement officers will use their visits with board members to promote their development programs and to support the goals of the administration as well as the president. Advancement officers who utilize free access to trustees to criticize the president or administrative programs usually experience difficulties and discomfort. Access to board members is a distinct privilege. It is one that should never be abused by an advancement professional.

Public functions: If your president is scheduled to appear publicly on behalf of your institution, it is your responsibility to be certain that he or she is properly prepared. Unless the president states otherwise, it is your job to prepare a speech or a speech outline which adequately reflects the message each group should hear. If the function is one organized by the advancement team, it is your job to guarantee that all aspects of the program are coordinated and that the role of the president is clearly defined.

Receptions: Private receptions at the president's home or on your campus are a frequent occurrence. Assist your president by having name tags available as guests arrive at the reception and by making introductions to your president. A difficult task in the life of a president is to remember names. A good advancement professional understands the value of giving the president advance identification of reception guests.

Domestic commitments: The president's life is no different from yours. He or she has commitments to his or her spouse and family in addition to the institution. To be unmindful of these commitments is self-defeating. It places an additional hardship on the president. Moreover, the president's spouse is never to be ignored by an advancement officer. The time it takes to call in a schedule of presidential activities to the spouse is time well spent. It is also important to define specific roles for the spouse during events held at the president's home. But full consideration should be given to the spouse and children to guarantee that their inconvenience is held to a minimum and that they understand the importance of any given affair to the success of the president's administration. Assuming that the president will inform his or her spouse or children of the importance of the function is usually wishful thinking on the part of the advancement officer. A thorough briefing for the spouse by the advancement officer usually produces a willing advocate for your program.

Staff recognition: As an advancement officer, it is easy and comforting to take full recognition and praise that goes with the completion of any successful project. However, intelligent development officers are acutely aware of the role played by their staffs in a successful program. To maintain morale and to call your president's attention to accomplishments of your staff, prepare short notes of congratulations to specific staff members to be signed by your president. Both your president and the recipient will appreciate this thoughtfulness, since it praises the performer and demonstrates to the president the quality of your staff.

I am certain other presidents could add to this list. However, I think my suggestions are major ones that you should not ignore.

Working for a nondevelopment president

Working with presidents who are uncomfortable in the advancement program leads only to frustration for development personnel. Fortunately, most presidents today understand the importance of their personal participation in fund raising, whether it be in the public or private sector. It is your responsibility to analyze the effectiveness of your president as it relates to your career and to his or her contribution to the stability and growth of your institution. Attempting to educate a timid president with regard to the importance of the advancement program is usually a futile task.

Good presidents search for and keep good development officers. Good development officers should do no less. They should seek good presidents when examining advancement opportunities or reviewing their current positions.

Chapter 6

COMPUTER APPLICATIONS IN THE DEVELOPMENT OFFICE

Emily Pfizenmaier
Consultant, Prospect Research and Information Management
Berkeley, CA

Most of us development officers have our jobs because we're conceptual thinkers and generalists. We can see the big picture -- the forest instead of the trees. We have the versatility to handle the myriad people problems of our profession -- and somehow manage to get the CFAE report done on time too.

These abilities are great assets. Unfortunately, they can also be handicaps when it comes to dealing with computers. Computers are literal machines. They can do hundreds of tasks that will save you time and increase your productivity -- provided you know what to tell them to do.

Most development offices today have some form of computerized record keeping. If you've never worked with computers before, you'll have to train on the system operating in your office. However, you can start your training off on the right foot by understanding how a computer is likely to be used in the modern development office.

"Applications" then, means nothing more than what you want the computer to do. Computers are great at three sorts of specific tasks:

1. Retrieval. The computer's capacity to hunt and fetch is called data retrieval (or selecting), i.e., identifying all data elements whose contents meet criteria that a user may define. For example, you in effect might ask the computer to "Go get all files that have gifts or payments to the Beedle Building Fund."

2. Arithmetic: Another excellent development use for the computer is in adding, subtracting, multiplying, and dividing. It's not that you can't do this math on a calculator; it's just that the computer can do it faster and automatically.

3. Sorting: If you're manually arranging 3x5 donor cards in order, you're sorting them -- and you might do it in any number of ways: alphabetically by donor name, in order by size of gift, geographically by place of donor residence, and so on. The computer, again, can do this infinitely faster and more accurately.

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You might ask the computer to "Print in alphabetical order the names of all record holders who have data in the previous name field." Or you could ask the computer to sort a data element with numeric contents. For example, "List all donors to the Building Fund from the biggest donor to the smallest."

Here are some examples of development applications that employ the skills of selecting, math, and sorting.

List maintenance. We can store all kinds of lists in the computer. We can do so by setting pointers and then "selecting" on those pointers or "flags." For example, I determine that I would like to have a tickler file. I decide that it will be a one-character "field" and that the character can be one of 12, each representing a month. I define the first 12 letters, A-L, as January through December. For all of my prospects whom I want to see in May, I set their pointer or "flag" to E for the fifth month. I "select" on that "flag" and out comes my list. This is direct access to the data I need.

Having a separate data element to store absolutely everything can chew up a great deal of space. If I don't mind spending a little extra time, sometimes I can get to things indirectly. For example, to get those prospects I might want to see in the final quarter of the year, rather than store that "quarter" as its own data element, I will select on those records in the file those who have ticklers set to J, K, or L. Their sum will give me the list I need. The trade-off here is one of time versus one of space.

At this juncture it is time for an essential word to the wise. The use of the select and sort functions we have just talked about and the math function we will talk about requires programming. For the programs to be written or a wise purchase of somebody else's software to be made, we as development officers must first determine the information we need to capture. Then, we must plan our reporting needs in advance. We can then use this tool effectively for gift processing, prospect management, or campaign monitoring needs.

Campaign monitoring. This application is essential. We need to know how much money has been gathered and where it is going.

Gift processing. If a computer can do math, it can determine the balance on a pledge, determine the amount of the reminder notice, and, if programmed, even write the CFAE report.

Prospect management. Following the model that I developed for this function and described in Fund Raising Management July 1982, I use the computer in several stages of prospect management -- prospect identification, research, and tracking.

By carefully defining certain data elements and placing correct pointers or "flags" to help me locate the material I need in the right records, I am able to:

1. catalog data and add new names to the "suspect" pool through the use of a machine generated survey tool;

2. print "screening" and "rating" documents for use by volunteers or staff and evaluate prospects;

3. print rosters of each volunteer's and each staff member's prospects;

4. monitor each individual's progress through the cultivation process or monitor the whole prospect base;

5. determine how many donors have given and how many prospects remain and at what range;

6. and determine how many prospects are in what stage toward closing and the prospective rate of return.

Word processing. A word processor is often itself a small computer. It can "stand alone" and perform its special task of formatting printed peices, or it can work directly with another computer to perform the computer's printing needs.

Some word processing programs allow for limited math and retrieval and sort capabilities. And some data processing programs have as one of their components special word processing programs to work in conjunction with their retrieval and sort programs. In other words, when it comes to the hardware and software, the old distinctions between word processors and computers tend to blur.

Primarily, the purpose of word processing is to expand the user's ability to arrange and print words faster and more efficiently than before. You can select a group of names, and the word processor (be it a computer program controlling a printer [share -logic system] or a stand-alone machine) can type just the right letter with proper address and salutation to each person on the file.

And the word processor can make possible easy editing of proposals or speeches without retyping the whole text. Or it can be used to store donor profiles for prospect research. Applications involving typing or formatting of text belong to this type of information processing.

Knowing these basics about applications will certainly not solve all your computer problems in development. But with this knowledge, you will be able to approach your computer as a friend. And, who knows, soon you may find yourself buying a personal home computer.

Chapter 7

RESEARCH AND RECORDS

Dennis M. Barden
Regional Director of Development
Georgetown University

Research and records are to a successful development drive what the chorus is to Oedipus Rex or the Prologue to Henry V: A lot of what you get is superfluous and useless, but the bottom line is that you just can't get started without them. Something has to provide the basis of the story and some motivation for telling it, and in the case of the development officer, that basis is the ever-growing body of knowledge that exists for every prospect. Records tell us who our prospect is and what his or her relationship is to our institution. Research uncovers the most likely way to proceed, and succeed, with an approach. Together they are both the preface for and footnote to any fund-raising effort.

Put very simply, "research" is finding out what you don't already know about a prospect; "records" is remembering what you do. Obviously, both terms imply a dynamism -- the quest for knowledge is eternal, and the effort to get it all down on paper takes even longer. Even in a society where freedom of information is guaranteed by law and computer technology is geometrically expanding our capacity for information storage, one is still inevitably unable to find a correct business phone number for some alumnus in Chicago, or a financial disclosure form for the Ford Foundation. No matter how diligent and professional an organization, you can never know enough about a prospect, and you can never be too meticulous about updating your records.

Where to do your research

The nuts and bolts of research can be as basic as your last college term paper or as complex as trying to find Jimmy Hoffa. Sources of knowledge break down basically into three categories: basic sources, extended sources, and personal sources.

Basic sources are those that are the standard tools for researchers everywhere: Who's Who, Standard and Poor's, Martindale and Hubbell, The Foundation Directory, and so on. Every library resource center has rows upon rows of these manuals, and every page provides invaluable knowledge on the

prospective philanthropists in our society. Also included among these basic sources are the academic and personal files of your own institution -- admissions applications, grades, student service files, etc. The experiences of the alumnus while in school -- his or her interests and abilities, favorite teachers, activities, successes or failures -- are often the key to any approach. All of this information is fact. It is verifiable and a matter of the public record.

Extended sources are those found outside the realm of standard resource materials. These may include articles in the print media, or on television, about the prospect. Individuals may be mentioned in the Forbes "400." Companies are rated in the Fortune "500." People may be listed in local social registers or may appear often in gossip or social columns. Individuals or organizations may have records of philanthropy to other institutions. Finances are often disclosed in corporate tax forms or financial disclosures, annual reports or proxy statements. Copies of wills that have been executed are often available. Obviously, some of this information is official and accurate, some of it is the interpretation of various third parties, most notably the media. You must study the accrued information, evaluate it, and base your conclusions on the veracity of the source.

Personal sources are quite often the most revealing, and usually the least reliable, of the three. There are two fundamental personal sources: 1) people acquainted with the prospect, and 2) the prospect him or herself. Using personal sources is a matter of sleuthing. Obviously, the simplest approach -- but not always the most effective -- is to ask the person a direct question. Observation comes into play -- what other diplomas hang in the office, what kind of car is in the garage, is there fine art in the house, what other members of the community are mentioned as peers in conversation. Much of this information is available from other contacts acquainted with the prospect. Getting people to disclose their knowledge about their fellow man is one of the basic skills of the development officer (it is usually called "peer evaluation"). Needless to say, you must view personal sources, especially second-hand ones, with an extremely critical eye and store and use their information very discreetly.

Everyone is part of this information-gathering system: the research department (if you have one), the development officer on the road, the registrar, the admissions office, the faculty, the alumni office, everyone. Facts, suppositions, data, heresay, observation, confession, official documentation -- everything helps you to establish a more complete picture of the prospect at hand. You must condense all this knowledge into a useful form, judge it for accuracy, and record it in an effective and accessible manner. The process is never-ending.

Keeping your records straight

The entire concept of records is almost as elementary as words themselves. Without records you can make no calls, send no letters, ask for no money, since you have no names, addresses, phone numbers, nor any information of any kind. Biographical knowledge like this is where records begin and they extend as far as your research on and contact with a prospect extends. Just as there are three sources of research, there are essentially three types of records that are kept: memory, hard records, and electronic records. The total body of known information on any given prospect is somehow stored in a combination of these three ways; the challenge is to combine the three in an effective and useful manner.

The most common, and least effective, place to keep records is in your head. While information stored there is easily accessible, it can be lost or garbled significantly over the passage of time and is not readibly transferable from form to form, place to place, or from development officer to later generations. Memories have different capacities and different lengths of effectiveness. While remembering information certainly behooves the effective development officer, writing that information down is significantly more advantageous to the advancement program as a whole.

From the time of the first cave paintings until the invention of the phonograph, "writing it down" was the most effective way of keeping records. Hard records last for a long time, and the words written thereon provide a specific body of knowledge. They cannot be forgotten, only lost; they require no electricity or other outside input to maintain them. They are adequate in almost every way except one: space. Written records are bulky, and changing them often takes up more space, creates more mess, and takes more time. While hard records on every prospect may be desirable, or even necessary, from an historical perspective -- correspondence may be saved, references to key occasions maintained, documents preserved -- it may well be impractical or impossible based upon the amount of space available.

Luckily, about the time that the world started to run out of file cabinets, along came the phonograph, the tape recorder, and, ultimately, the computer. The computer gives record keepers seemingly limitless space on which to record all the data, important and trivial, on any given prospect. This information is readily available, retrievable in any form, and easily updated. There is little question that the computer has elevated record keeping to a new level, but problems remain. Computers are expensive to have, to run, and to staff. You need electricity to retrieve, and sometimes just to maintain files.

These machines are complex and it is very easy to find yourself unable to perform the necessary functions within the capabilities of a particular model. Nothing, it seems, is perfect.

The answer, not too surprisingly, is to reasonably combine the three. Commit to memory those basic facts in which you have a vested interest. For some extremely sensitive material, this might be the only safe storage place. Store and maintain irreplaceable documents, correspondence, manuscripts, and so on as hard records. Keep basic information essential to the prospect's record -- fundamental biography, gift information, family relationship to the institution, and so on, in hard form as a guarantee against computer failure. The vast body of knowledge, the time and space consuming minutiae so important to the cause, is the very stuff for which the computer was invented. It is important, and should be stored, but can be best accommodated in the vast storerooms of discs and bytes and microchip technology. The combination of these three forms of record-keeping should accommodate the body of research on any given prospect and provide the development officer with relatively easy access to this information.

Using research and records to maximize your effort

Systems are all well and good, You must do research on prospects and gather new information constantly. You must consistently update and maintain your records. Materials, vehicles, machines, and people exist to assist you in these efforts. One question remains, however -- why? All too often we gather this information and store it strictly for its own sake, and leave it to collect dust in a file or take up space on a computer's memory. The reasons for gathering this information, and intent for its use, provide the entire basis for which this information is gathered and stored, and defines the type of information that is most useful to a given development effort.

The reason for all of this searching for and storage of information is to aid the development officer in obtaining the greatest amount of support from the greatest number of prospects -- in other words, to "maximize" the development effort. Only by knowing as many details as possible about any given prospect can you hope to develop a successful plan for bringing about a commitment to a gift. You need to build a composite picture of the prospect, not only individuals but organizations as well, and relate this to the institution to see what areas appear to be common to both parties.

The first elements of this composite picture concern the emotional and personal commitment of the prospect to the project at hand. Records should show how the prospect has related to the institution over the years -- how he did in school, his undergraduate and alumni activities, the tone of his correspondence over the years, his response to various appeals for help or support, his attendance at alumni functions, and so on. The prospect may be especially close to a particular person connected with the institution: A former professor, the alumni secretary, a former classmate who is now on the board or the faculty, for example. Likewise, the prospect may have shown a propensity to support a particular program or cause of the institution, such as medical research, the arts, memorial opportunities, or individual academic programs. What is known or what can be learned about a prospect's personal commitment to a cause allows the development officer to utilize this to best advantage in his or her approach.

Once this desire to support the project at hand is established and cultivated the development officer must obtain some indication of how much the prospect might be able to donate. This can only be done by taking into account the prospect's financial status, along with his or her propensity for philanthropy. The prospect's giving record, both to your institution and to other charitable causes, is the place to start. This indicates what he or she has done in the past. The current assets, income and tax situation, minus his or her personal, familial, and professional responsibilities, indicate what you might expect currently. Viewing both of these, together with the prospect's emotional commitment to the cause, should provide a glimpse at what you might reasonably expect for the future.

Now the composite picture is complete. Research has uncovered as much as possible about the subject's interests, financial holdings, attitudes, and philosophies. You've decided on the approach; you know for what project you will make an approach and for what amount. At this point, truly effective research and records allow the development officer another choice; what form this gift should take. Many choices are available -- cash, securities, land, trusts, insurance, bequests, combinations thereof -- and the effective solicitor takes advantage of the one that gains the most money for the institution yet offers the most fiscal and tax advantages to the donor. The more indepth and complete the knowledge of the prospect, the more complex, creative, and effective the possibilities for a large, effective gift.

Only one step remains, the acknowledgement. An effective "thank-you" is the first step toward the next gift. A glance into the prospect's, now donor's past and current interest may

supply you with a valuable clue to how he or she might like to be recognized. Some people prefer anonymity, others want press conferences, dedication ceremonies, or even citations. Good research will give you the necessary clues, and good records will allow you to capitalize on them in the future.

Essentially, then, good research and records are the first vital step toward good development work. They allow the solicitor, the institution's representative, to approach a prospect with some reasonable expectation of success, to match up the interests and emotional attachments of the prospect with the needs and priorities of the institution, to ask for an ambitious but reasonable amount of support, and to make sure that the donor receives the maximum benefit from the gift and feels good about having given it. Knowledge, the very essence of research and records, allows you to provide a service, not only to the institution where you work, but to the prospect as well.

Good research makes good fund raisers

The focus here has been individuals, but the purposes and mechanics of research and records apply to foundations, corporations, organizations, and government agencies as well. In fact, in many cases, research on these can be easier. These organizations have programs that exist to give away money, and their philanthropic record and giving guidelines are generally a matter of public record. You need only know where to look or whom to ask to obtain the necessary information.

The basis of good development work, then, is clearly the amount, quality, and timeliness of the information that you possess on the prospects at hand. No professional, no matter how skilled or experienced, can hope to make an effective approach without prior konwledge of a prospect's record of philanthropy, personal interests, contact with the university, and financial situation. The most well-written proposals, the most intense cultivation, the best-staged solicitation, the most creative gift opportunity will be for naught if you do not carefully tailor it to conform to the prospect's interests and philanthropic abilities. Only by searching for this information, and compiling a complete picture of the subject, can you make an effective approach.

Good research and records are the responsibility of everyone involved in the development effort. The professionals in the field must constantly ferret out new information and verify old data. Bookkeepers must be accurate and responsive to inquiries. Volunteers should be programmed to relate any new information that comes their way. Faculty and top administrators should offer their insights. Computer experts and clerks must keep all this input up to date and accessible.

Clearly, this is a time-consuming and often tedious duty. It has little of the glamour associated with the public side of fund raising, the receptions, solicitations, news conferences, and so on. Researching prospects and keeping records are like most absolutely necessary functions -- never-ending and difficult work. Nevertheless, like the prologue of the play, the real action cannot begin without this absolutely critical exposition.

Chapter 8

THE ANNUAL FUND

Cynthia Gelhard McCaskey
Director of Annual Giving
Wesleyan University

The annual fund is the core of the development effort. Recruiting and training volunteers, upgrading donors, building a tradition of giving, and increasing alumni participation to encourage major givers is critical to the overall development program. By definition, it is a recurring challenge. Development officers who tackle the annual giving programs of their institutions must be a resilient, energetic group.

To make any recurring program stay alive, provocative, and successful, you must work at it. This chapter will help you understand the theory and method of the annual fund. But as you plan and implement your strategy, remember that the most important component of the whole program is people. Your main responsibility is to inspire volunteers, provoke prospects into action, keep the energy high at phonathons, and push your staff to work hard. If you follow the guidelines outlined below and cherish the people who make it all happen, you'll have all the ingredients that spell success.

Why you need an annual fund

The fund develops essential parts of the overall fund-raising program that feed directly into capital, corporate/ foundation, and planned giving efforts. Most particularly, it acts as a building block for securing major support from individuals.

In addition, the annual fund often helps balance the budget by providing a last resource to ensure adequate income. Annual fund dollars usually are unrestricted, that is, they are not designated for some special part of your institution's program. Maintaining a high ratio of unrestricted dollars in your fund helps your institution to budget properly, since it can expect anywhere from 3 percent to 10 percent of its annual income to be provided by gifts. At colleges, the annual fund income actually can be said to keep tuition down; if annual fund dollars were absent, tuition would have to be higher to cover expenses.

The annual fund begins the habit of giving. Every year, a solicitation, if not a gift, should occur. This process lets you transmit information about your institution. It also

presents the best opportunity to upgrade donors, to encourage each to increase his or her gift. And, since no staff can do everything, or solicit all prospects most effectively, the annual giving program forces you to develop a team of volunteers.

The gifts that increase each year provide excellent examples of how your institution's own family -- alumni and parents usually -- support it. They argue effectively for gifts and grants from corporations, foundations, and even larger individual donors. The big givers often are key prospects for potential capital and planned gifts.

These fundamentals shape the method of your annual giving program: Solicitations by direct mail, phonathons, and face-to-face meetings. Every bit as important as the method, however, are the variables that the annual giving office can and should manipulate, and which are unique at each institution. These include your attitude (philosophy), volunteer management, planning, and scheduling.

Begin with a positive philosophy

Like anything, if you decide your annual giving program is going to be successful, it will be. That attitude is particularly important since your philosophy will be reflected in volunteers who feel challenged, but optimistic about reaching goals. Since most annual fund programs run about nine months publicly (we all seem to need at least three months to finish up last year's campaign and prepare for the public phase of the next), energizing yourself, your staff, and the non-paid workers on the annuual fund each year is important.

More than most other fund raising, the annual giving component consumes your resources and your time. Your prospect group is large, your objectives are complicated (usually securing a dollar goal and some particular level of participation by alumni parents), and correspondence is never-ending. You are working with many people, so the possible motivations and managerial styles are endless.

That variety is what makes the challenge fascinating. You must develop a team of volunteers and staff, build loyalty and a sincere commitment to a common goal, experiment with new ideas and techniques during every campaign, and make your prospects care enough to give.

How volunteers can help

Volunteers are a strangely American phenomenon. Possibly we are a nation of frustrated team-players looking for sand-lot,

pick-up softball opportunities. Or maybe we just need to make unselfish commitments. Whatever the reason, volunteerism, thank goodness, is alive and well in the U.S. Our job as annual giving professionals is to create and harness the energy of such volunteers for each campaign.

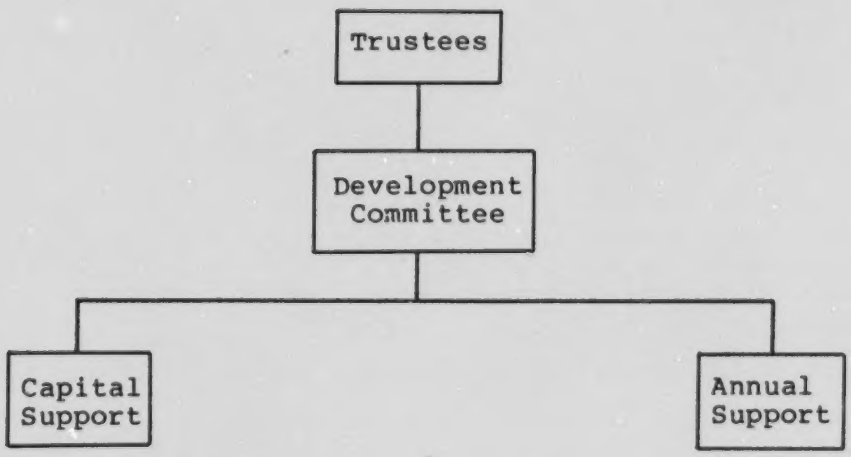
Why bother? Don't they just take all the credit while you do the dirty work? Aren't they just there to give a quote to the alumni magazine? Won't they give you bad advice and try to run a book sale instead of rationally planning a strategy and helping carry it out?

Not if you understand something about motivation and tap into the right person's life at the right time.

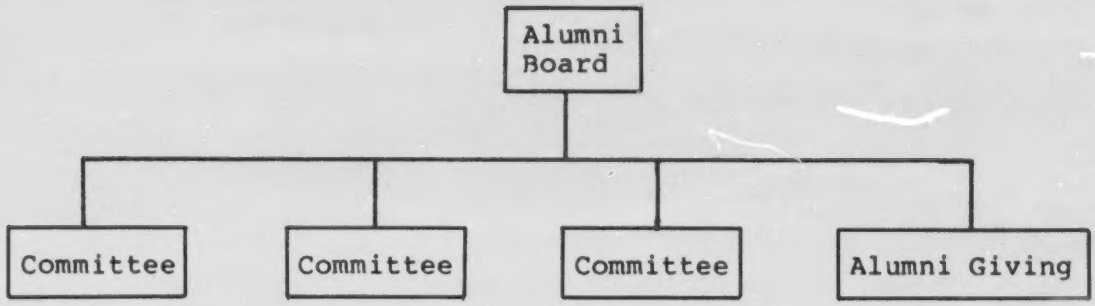
Volunteers come in all shapes and sizes. They perform different tasks. Some can only do one thing well. Others are classic organization climbers, who can go from phonathon volunteer, to class agent, to steering committee member to national chair, to trustee. Whatever their strengths, identifying volunteers <u>whom you need, who are willing</u>, and <u>who are capable</u> are some of the first steps in annual giving.

Volunteer structures differ at every institution. Sometimes, the annual giving chair is a trustee, and reports to the development committee of your board. In other models the chair operates independently of the board. Here are several examples:

<u>Model I</u>



Model II



The alumni fund committee itself also can provide structure or lines of authority, all based on your requirements. Accountability to the other volunteers, particularly the trustees or alumni board, is a vital connection. Designing a model that works well for the staff is important. Be sure you do the following.

1. Organize the committee into a size and structure that lets you easily contact a few individuals to accomplish tasks and begin projects.

2. Create a framework that gives you as much objective input from volunteers as you need.

3. Choose people for the top three to five positions who are senior, visible, persuasive sales people, and who know enough about your institution to sell it to others.

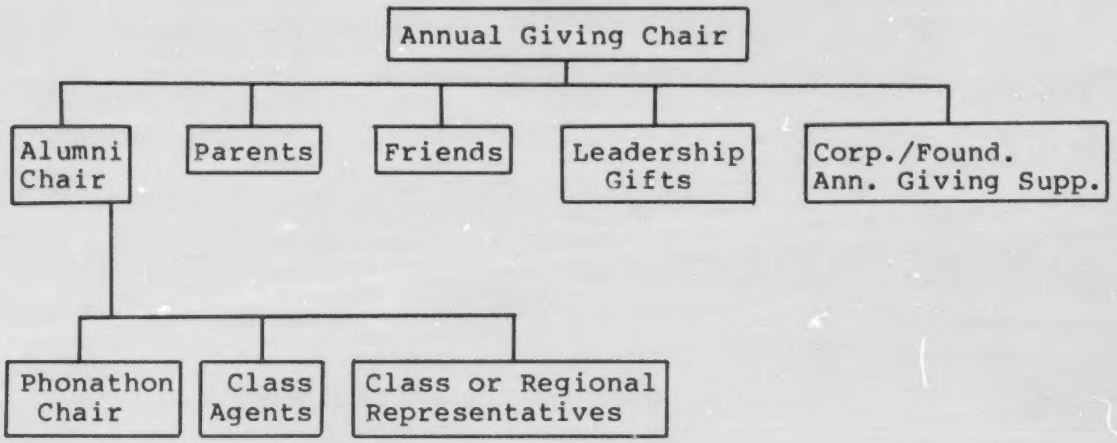
4. Give those people proper inside information so they can operate in full understanding of your fund-raising and institutional objectives.

5. Use their names in publicity quotes to increase visibility of your program and your volunteers.

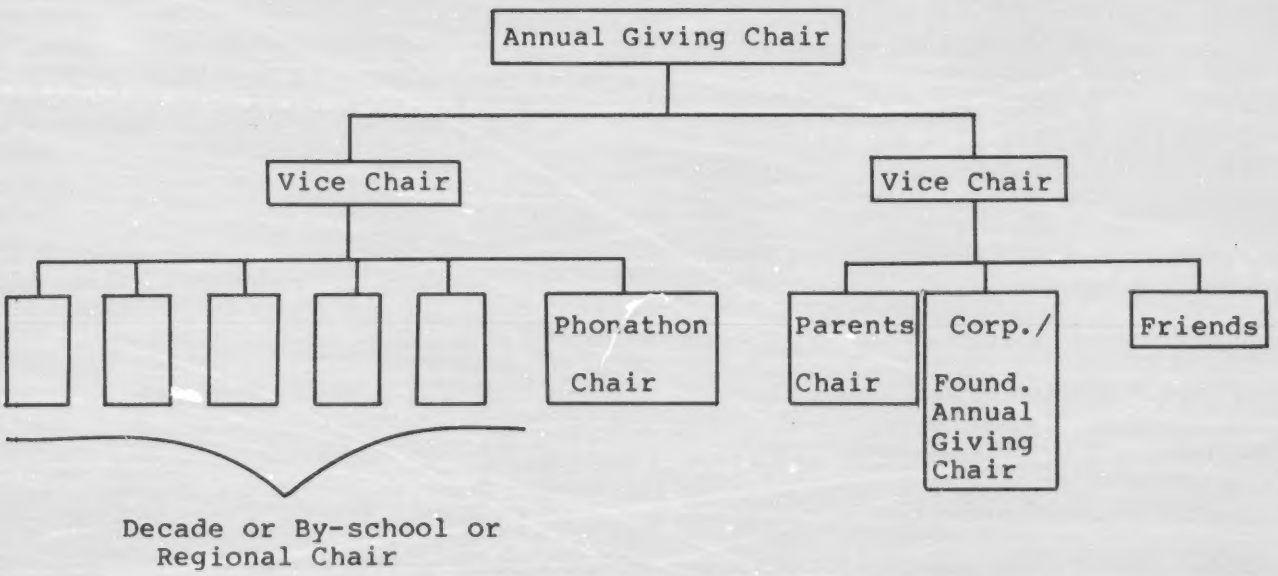
6. Recruit key people who, by their position and communications skills, will legitimize your program.

One of your responsibilities is to design an annual fund committee that suits your needs best. These examples represent only a couple of ideas, but your final scheme should reflect the particular demands of your operation.

Model I



Model II



Orienting those volunteers properly will provide a good foundation for your campaign. Bring them to your institution to kick off the campaign early in the year, to give them exposure to the place, to ensure they receive special attention from trustees and your president, and to inform them about your institution's program through other administrators, students, and so on. Provide adequate information while they are there that includes:

1. a statement of your program's objectives and goals;
2. a review of past successes;
3. their specific responsibilities;
4. your annual giving schedule; and
5. background information to accomplish their tasks.

Review these items while volunteers are with you and encourage them to ask plenty of questions. A well-prepared volunteer chair who can field most of the questions will increase confidence in both the importance and scope of their responsibilities. More than anything, you want those volunteers to leave well-informed, and psyched-up about their efforts. Instilling optimism and confidence is the starting point.

Accomplishing your goals by using volunteers is next in your implementation plan. Develop strong, personal relationships with these people. Don't keep them at arm's length unless you must. You will get better feedback during the year and be able to ask them to do more hard work if they know <u>you</u> will and appreciate your mutual commitment to the program. Keeping in contact with volunteers and reporting to volunteers frequently with up-to-date information is helpful to building strong relationships.

Two other communication rules are vital with volunteers: Thank them often and solicit their gifts <u>first</u>. The chair, president, development committee of the board, trustees, alumni council chair, and you should let volunteers know how important their work is. Before you ask them to solicit, have the chair above them secure their gifts. And, by the way, make your gift first. The old fund-raising rule about the best solicitors being generous donors really is true and applies to you and your volunteers.

<u>Planning your goals and strategy</u>

Regardless of the schedule of your fund, the time and energy you spend in planning are directly proportionate to your

success. Because annual giving is such a high volume, deadline-oriented program, having a plan in place well before the campaign begins will permit you to focus on volunteer management and solicitations. An outline might help.

1. Establish dollar and donor goals based on:

   a. past performance;

   b. a reachable objective that will help ensure success; and

   c. an institutional evaluation of how much you need. Don't set the dollar goal to "make up the difference" between what the institution needs and total expenditures, but rather, as an ambitious increase over the previous year that will provide adequate income to the institution.

2. Budget for your program, incorporating direct fund-raising costs (postage, printing, telephone, travel, and salary costs) and costs such as computer or other technologically-related costs. If possible, give yourself some flexibility for ad hoc projects that your chair and president may demand during the year.

3. Flesh out the plan considering:

   a. schedule for the fund;

   b. volunteer activities; and

   c. travel schedules (for you, volunteers, trustees, and other staff);

   d. external factors (the December 31 tax-year end, fall excitement on a campus, and so on);

   e. lead time for phonathons and mailings so you can recruit volunteers and take advantage of less expensive postal rates (which allow two or three weeks delivery time).

Get approval for the plan from your key volunteers, president, trustees, and alumni council members to whom you may be answerable. A well thought-out plan can be implemented as long as you are committed and the chair agrees that he or she will perform necessary tasks along the way.

Working out a schedule

Annual funds usually run on either a fiscal year (July 1 to June 30, or September 1 to August 1) or calendar year

(January 1 to December 31). There are advantages to both, since both impose real or artificial deadlines (December 31, April 15, the end of the academic year, June 30) by which prospects should make gifts. Some schedule-related issues include:

1. Deciding who should be asked to give first. Like capital campaigns, most annual funds begin with the solicitation of major gifts of $1,000 or more.

2. Deciding how to solicit those major prospects. You can ask face-to-face, or by telephone, or with an introductory letter and phone follow-up, or by letter.

3. Deciding how to contact and solicit general prospects. In succeeding pages, you'll learn about asking by mail or phone. Your schedule will reflect your final decision on that issue. Past experience suggests letters are not the most effective "first hit," though a good brochure explaining the fund's goal, or an article in your quarterly magazine reporting on the previous year and announcing the next goal can help. A telephone solicitation by someone who knows the prospect will almost always yield a bigger gift.

4. Determining when your kick-off meeting and volunteer orientation meeting should occur.

5. Using special campus events throughout the year to recognize and cultivate prospects.

6. Deciding whether a donor recognition event or mailing will be helpful. Many institutions publish a list of donors, have weekend or evening events for major donors, or send a gift to those major givers. An untraditional approach is to spend budget dollars on developing excellent, personal gift acknowledgement systems, and a few special presidential cultivation events for major prospects. Deciding if and when to use any of these techniques will affect your annual giving schedule.

7. Arranging your schedule to reflect the over-all mailing program at your institution. Spacing quarterly magazine, annual fund, tuition bills (for the parents fund), alumni club mailings, reunion class mailings, travel brochures from the alumni office, and so on will present a strong, well-organized, service oriented program to your prospects.

For most institutions, some adaptation of the following schedule usually responds to most of those concerns:

Months 1 and 2	• Planning • Mailing of any recognition (cultivation) materials for the previous campaign's major donors • Kick-off meeting for volunteers
Month 3	• Special (major) gifts solicitations by volunteers • Special efforts to organize volunteers' efforts in a reunion giving program
Months 4, 5, and 6	• Telephone solicitations for general prospects. If your decision is to use direct mail first, use this opportunity to do first appeals, (with telephone follow-up soon thereafter)
Months 7 and 8	• Special effort solicitations (class agent, by-school, occupational, matching gifts, employee appeals)
Month 9	• Final telephone appeals to LYBUNT and SYBUNT (Last Year But Not This or Some Years But Not This) donors
Months 10, 11, and 12	• Clean-up telephone and mail appeals • Plan for next year • Acknowledge major donors

Choosing your solicitation approach

For annual giving purposes, the methods for soliciting are usually limited to three choices: direct mail, telephone, and personal, face-to-face solicitation. These are listed in descending order of cost-effectiveness.

Regardless of the size of your constituency, it is easiest but least effective to solicit by mail. Phonathons are somewhat less costly and provide a larger dollar return. Personal solicitation is the most effective method. It has an immediate return and usually results in larger gifts.

The three techniques are reviewed below. Every organization adapts these and other choices to their own audience, however. Your sensitivity to prospects, your institution, volunteer capabilities, your budget, and the possible uses of technology should help formulate how each can be adapted for your shop. There are no set rules; indeed, a tailor-made annual giving program will always be the most successful. You, volunteers, colleagues, trustees, and prospects will be more likely to respond generously if your approach addresses the style and history of the institution and its traditions.

All fund-raising models use a classic marketing principle: "market segmentation." If your graduates align themselves by class, your annual giving program should focus along class delineations. A class agent system often works best in this case. Alternatively, if your institution encourages affiliation by educational area, organize the annual fund that way (e.g., a Business Solicitation Fund, a College of Music Fund, and so on). Geographic organizations work if your alumni office has a strong alumni club program.

The principle is clear; implementing it is not. Because they are made up of complex individuals, most organizations do not have a system that an annual giving officer can tap into with ease. Determining the best system, and building on existing affiliations that prospects have to each other and to the institution is your first and most important step. Your decisions on volunteers, schedule, budget and time priorities, and fund-raising approaches will revolve around how best to organize prospects for the purpose of solicitation. Your objective is always the same: obtaining the highest dollar return (increases in gifts and participation) for the smallest budget expenditure.

Direct mail

Much has been written about the timing, style, and psychology of direct mail. Research emphasizes that you must be sensitive to your audience. It will be more receptive at certain times of the year and to certain types of mailings. Regardless of these factors, you should expect only 1 percent to 3 percent of your pool to respond. The return will be larger, if you personalize the mailing.

Appeals by class agents, or personal letters to major prospects from peers will always yield higher results. Individually typed letters, signed one by one are more effective. If you do this, use an ink that obviously shows the letter was signed manually. An individually-typed envelope with a stamp (not a postage meter) is the best combination. If the signee is a corporate leader whose corporate connection is important to the solicitation, ask for a supply of business

stationery to do the mailing. Otherwise, use personal stationery that is monarch size, with the name and home address centered at the top, and matching envelopes. The use of any one or combination of these personalizing techniques will help even the most obviously mass-produced letter take on a more personal look. Half the battle in this business is getting the letter opened. So if you take any pains, start with the envelope, and then work on the inside materials.

A very general appeal often can produce good results if your timing is right and if the quality of a brochure (not necessarily a letter) is high. A good tax-year-end piece mailed in December will yield good results if the material is eye-catching and doesn't get lost in the holiday shuffle.

A few general comments on direct mail production:

1. Plan your mailings well in advance. Take advantage of nonprofit bulk-rate postage costs, which are significantly lower. Remember, the postal service is allowed up to three weeks to deliver such mail (and large metropolitan area post offices can be unreliable) so your timing is important.

2. Learn something about printing costs. Costs increase as you use more colors, perforations, two-sided printing, folded pieces, and so on. Develop a good relationship with your graphic designer, if you have one, to take advantage of creativity without too much cost. A good friend in the printing business can also give advice, keep costs down, and help increase the return on your printing budget dollars.

3. Strengthen your appeal with strong graphics. Use institutional art, good photos, an interesting type face, and creative folds of brochures to liven up your direct mail. Collect samples from other institutions and save samples that appeal to you.

4. Enclose more than a letter in your appeal. Research shows a higher return if you enclose another piece, such as a brochure, a reprint of a newspaper article, or graphic representation of some point you have made in your letter.

5. Make it very easy for someone to respond. If you can afford it use Business Reply Mail so your donors don't have to hunt around for a stamp when they want to send a check. It costs 27 cents each when they come back. A good deal of research has been done on this issue, too, so read what you can and feel free to experiment with different kinds of

reply systems. You can try a number of methods for different segments of prospects to test best results at your institution. For example, large donors who always give might get envelopes with stamps, never-givers get only unstamped envelopes.

6. Try to measure responses to every mailing you do. Determine cost effectiveness to prove to yourself and others which methods produce the highest return.

7. Consider using a mailing house. These firms will label, stuff, and mail your solicitations. This can sometimes be more cost efficient than labor intensive stuffing productions in-house.

8. Use solicitations to gather updated information on prospects. Give your donors a chance to enclose class notes for the Alumni News, update business information, phone numbers, and so on, in addition to returning their checks.

9. Evaluate the integrity of your mailing list before your mailing goes out. Often, you will find many bad addresses. You pay for these, if your outside envelope is stamped "Address Correction Requested" and you will have them returned to you with updated postal service forwarding addresses if you add "Return Postage Guaranteed." Often this is an effective way of updating your mailing list, but it is expensive.

Finally, use direct mail judiciously. Have it say the right things about the institution. Vary the message, use humor occasionally, but always include a statement of Why Your Institution is Worthy of Support. This justification is the reason for the solicitation, and many times we forget to include it.

Direct mail is not a high-yield business. It does, however, communicate with a large pool of prospects with the lowest dollar investment, and can yield participation from a wide range of prospects.

Phonathons

Solicitation, by phone, by someone who knows the prospect, is the second most successful fund-raising method. Setting up your annual giving schedule to accommodate this kind of solicitation will help you in several ways. Telephone solicitations provide opportunities for the following.

1. You can engage more volunteers in active service to your development program.

2. You'll have more opportunities to inform prospects and phonathon volunteers of your mission, goals, and needs. Since the contact is two-way, and a conversation is more persuasive than simply reading, your chance of success is higher.

3. Your institution will receive greater support, since a committee caller, who knows your prospect, is much harder to turn down than a letter, or even the best brochure.

4. You can upgrade previous donors' gifts. Good callers can also persuade never-givers to participate the first time.

5. You'll increase the number of fun, successful, goal-oriented contacts with volunteers. Meeting those who are recruited to help on these solicitations is helpful to any newcomer to development.

Your first task, when contemplating phonathons, is to decide who you will call. Never-givers, frequent givers, major givers, young alumni, those you are trying to upgrade, or alumni in reunions are the most frequent targets. If you represent a national organization, those prospects may be anywhere.

Good phonathon locations are easy to define, but sometimes hard to find. Your first question is: locally or in areas away from your institution? If you can, try a combination. You have the opportunity to get a variety of volunteers in different areas, and to use volunteers (such as students, often), at home.

The best phonathon location is a large room with individual desks, each with a separate phone line in sight of one another. Trust offices at banks, stock brokerage firms, junior staff or traders' offices, or some accounting firms' larger offices work well. The telephone company and some schools; New York and Washington private clubs (the Williams Club, the Cornell Club in New York City, for example) often have excellent facilities, but there is usually considerable cost. Search your donor pool to try to find corporate locations that you might use (hopefully with free or nearly-free WATs telephone service). Such alumni connections are great cultivation tools, and can provide you with an excellent free location, as well.

Volunteers are vital to your phonathon program. They can recruit regionally as a function of your alumni club, or by class or school agents. Again, having a wide range of volunteers involved will help reach a wide variety of friends. Give those volunteers the choice of deciding whom they will call. Remember, when peers call friends, you will raise bigger gifts. Their ability to persuade and convince old friends is much higher than if even the best stranger calls.

Training volunteers in telephone soliciting is a challenge for the annual giving officer. Have a packet of materials available (a statement of the goals and objectives of your campaign, a report on recent years' progress, class-by-class or school-by-school results and goals, and a quick update on statistics about your institution. Giving volunteers confidence in their ability to raise funds without too much worry is your real job at a phonathon. Provide more information than they need, spend about 15 minutes reviewing procedures, and get them started. Have adequate staff coverage at the phonathon so they can ask questions privately, too. Occasionally, some institutions have found it easier to produce briefing films for volunteers, or a 10-minute slide show on the institution to refamiliarize volunteers. Do whatever you feel is necessary, but make them feel confident about their purpose and comfortable with the procedures.

Phonathon forms are a science of their own. Check with other institutions' annual giving officers and collect some samples, if you must produce a new form. They should have easy-to-read biographical information (include nickname and spouse's name if you have them), a five-year giving history and a TARGET. One hint: have callers ask for a specific amount when they call, and have that target suggestion printed on the card. Your results will increase if you have volunteers name the amount they are looking for when they call.

Finally, you must have a system to send a reminder of pledges to donors. Most forms include such an acknowledgement, but a separate letter works well, too. Send these as promptly as you can -- the next day, if possible.

Volunteers' special efforts should be recognized during and following phonathons. Contests that award some prize for unique achievement (highest dollar total, most new givers, biggest percentage increases, and so on) help spur callers on to better performance. Your immediate follow-up thank you is a way to remind callers how much you appreciate their help. If you have had a success, use the publicity as a chance to tell more people about your program.

Phonathons are great devices for sharing excitement and enthusiasm about your institution. You can make volunteers feel successful and let them know they are active members of the family. Prospects, if they speak with people they know, have a hard time refusing to increase their support or give for the first time. You also should enjoy the opportunity to get out and work with volunteers in a short, definable period of time, and to help them enjoy working on behalf of your development program.

Personal solicitation

You could raise the most support if you could arrange a personal visit to every prospect by a staff member or trained volunteer who knows him or her. Unfortunately, solicitors and those situations are difficult to identify and there is not enough time or travel dollars to do so annually.

The solution, then, is to segment certain prospects as those whom you will solicit face-to-face. Usually, these are prospects for gifts of $1,000 or more, though the segment should suit your organization and your schedule.

You must recruit these volunteers carefully. First, the volunteers who solicit major gifts should be major donors themselves. You should secure their commitments for gifts before they go out to solicit others. Consider having staff members accompany volunteers (or have teams of two) on call. One person can serve as director of the conversation and solicitation, the other can observe prospects' behavior and serve as the person who reinforces the first person's comments.

The actual performance records of volunteers in personal solicitation situations are not so good. In fact, after the development officer determines who will be solicited, and matches prospects with solicitors, he or she distributes cards. While most of us like to think many face-to-face solicitations will occur, most solicitors simply call their prospect. The result often is an "at-home phonathon." Though a few truly dedicated solicitors will arrange visits and actually call on prospects, most solicitations will occur by phone.

The effectiveness of your solicitations, then is decreased, since solicitations are less hard-sell and produce lower dollar results. Working hard to minimize the number of calls, and keeping them in local areas should diminish this. Try to have just a few of your best solicitors visit only three to five of your top prospects. Your yield will be higher and you can control the personal solicitation. Because of this rather hard-to-swallow fact of life, keeping the numbers down will probably build over time a better, more trained, and more successful small team of volunteers who are ready to visit prospects personally.

Be sure you follow up all volunteers' very special efforts promptly with gracious thanks. At the major solicitation level, your president or chair should personally thank volunteers. Be sure your contact with them throughout the process is frequent, too. You should have easy report mechanisms, so you and your solicitors know where you stand on personal solicitations with timely frequency.

Annual giving has many rewards for a development officer. Your opportunities to manage staff and volunteers, participate in personal solicitations, and do major gift work will be many. Learn to be a gracious manager for those who provide service to your organization. Make sure those who give know their support is really appreciated by acknowledging gifts promptly and personally.

As a final note, keep in mind these 10 points of annual fund wisdom. They'll help you inspire your staff, volunteers, prospects, and most of all, yourself.

1. Learn as much about your institution as you can. The late Fred Fox of Princeton has been quoted a thousand times as saying the best thing he ever did was to get out and walk around campus almost every day. Feel the place, figure out why it's different and use that to touch the hearts and minds of alumni, parents, and friends.

2. Constantly change your program. Unless 100 percent of your constituency give and your growth rate is 50 percent or more a year, recognize that you're not doing everything perfectly. Enliven volunteers' activities by varying them, and do it often. Obviously, retain the fundamentals when they work, but jazz things up with new twists every year.

3. Develop real relationships with volunteers. Don't keep them at arm's length unless you must. The better people know you, the more you can inspire the devotion you feel for your institution in them. You will also receive better, more candid counsel from volunteers and be able to ask them to do significantly more every year for your organization.

4. Learn to say "I made a mistake." Get rid of volunteers who aren't pulling their weight. Don't set yourself up as an expert (until you are) since situations and personnel often change and affect old decisions. Change your program if something doesn't work.

5. Plan. Plan. Know where you are going with your program, and not just for one year. Project five or 10 years. If you are an effective communicator, you can inspire those who control resources (staffing, budget, technology) to believe you can take the annual giving effort to new levels they have never contemplated and justify "spending money to make it."

6. Control technology; don't be intimidated by it. Learn everything you can about computers, word processors, advanced mailing/labeling/staffing/ postage operations, electronic fund transfers, and so on. The better you master the techniques and options (a) the less you must submit to others' more advanced comprehension, (b) the less you must suffer with labor-intensive parts of your program, (c) the more you can concentrate on real fund raising, and (d) the better you can evaluate and implement your program. Use machines. Don't let them use you.

7. Experiment. Try new techniques, a new philosophy, different sorts of volunteer structures, a brand new annual giving schedule, diverse staff people who can pique volunteers' interest, unusual mini-projects in the campaign. Even with a limited budget, initiating something really unique can often spur your organization on to new levels of productivity.

8. Evaluate your progress and final results. Development is a bottom-line business, but there are a thousand ways to determine whether and how you have increased participation, made phonathons more successful, obtained increases in consecutive givers, and developed your volunteers effectively. You might find out you are better than you think, or in all honesty, locate the things you do poorly and must work on next year.

9. Keep in mind your two primary objectives: Raising ever-increased dollars and getting more donors every year. Develop your program and schedule to address these goals. Be aggressive and make volunteers realize they must be. People give more when you solicit them well and with specific dollars in mind. Increasing consecutive donors' support must be a primary focus every year. At the same time, your annual giving schedule should ensure solicitations that will appeal to never-givers or new members of your community. Determine the best way to speak to those prospects to share the needs and mission of your organization.

10. Most of all, have fun. It is exciting to see your program suddenly become a volunteer's priority and to tell the volunteer the results of his or her work. It is even more exciting when that volunteer makes a big reunion gift, eventually becomes a

trustee, and provides different leadership skills to your institution. Annual giving provides the opportunity to make these things happen, to make your institution profit from more than just dollars you raise. Having that kind of long-term impact on an institution you work hard for is a special measure of value, as well.

Chapter 9

THE CAPITAL CAMPAIGN

Ronald A. Joyce
Director of Development
Colgate University

What is a capital campaign? Years ago a capital campaign was a year fund-raising effort for one or more special projects. If you needed to build a new library or field house, or you wanted to dramatically increase your endowment, you developed a three-to-five-year drive to meet those needs. In some institutions, all regular fund raising stopped while these campaigns went on. Annual funds sometimes took years off to permit campaigns to proceed unhindered.

Today, there are many variations on that old theme. More and more campaigns are designed as comprehensive ventures -- many mini-campaigns framed by a larger campaign. Endowment needs, "bricks and mortar" ambitions, and a sustaining annual fund often fall under one campaign umbrella. Some call this approach "the three-legged stool." Whatever they are called and however they are designed, campaigns are not business as usual in fund raising. They are dramatic, even historic events for their institutions. They are generally created to respond to important financial requirements. And in fulfilling those needs they often infuse their institutions with new vitality and confidence.

A basic reason for having any campaign is that its style permits institutions to set and meet goals that could not be achieved under normal circumstances. They bring sharper focus to needs and invigorate the institution's family of friends to join together for a special effort.

While many campaigns have been and will be developed to rescue "sinking ships," more are created to add strength to their ventures. Major institutions like Harvard, Stanford, and the University of Chicago have mounted campaign drives, even though they appear to be better off than most.

Campaigns have a variety of benefits beyond the obvious attraction of new capital resources and what they make possible. Early planning demands an appraisal of strengths and weaknesses, and of priorities. Where an institution is and where it wants to be are the subjects of much fruitful conversation.

In their implementation, campaigns can mobilize the emotions and volunteer efforts of hundreds and thousands of people. That stimulation can have effects long after the campaigns are over. The hard running and stretching done by everyone connected with the venture can lead to a strengthening and toning of your institution's muscle.

There is nothing new about campaigns; there is some evidence they have been going on formally in the country since the early 1800s. In this particular age of scarcity, this type of fund raising will become even more popular. Anyone who stays in this business for more than a couple of years cannot avoid being involved in one. What follows is a brief, admittedly surface review of some campaign topics. If these thoughts accomplish their task, they may stimulate more questions than answers.

Preparing for a campaign

Some (obviously novice) institutional chief executive officers believe that compaigns can be manufactured overnight. Find a catchy campaign name, make a public announcement, and presto -- instant cash!

Good campaigns require time -- to develop and to achieve. Most veteran development officers and consultants know that it takes months and sometimes years just to plan such a drive. These same people generally have had to resist their presidents and boards who look for quick campaign deployment and an immediate financial response. Sadly but predictably, these leaders often push their development people and programs faster than is reasonable or prudent.

Before you develop any campaign plan, you need to carefully assess a variety of areas. First, initiate a thorough inventory of the institution -- its strengths, its weaknesses, its needs and their priority. Be sure to involve the president and senior administration, the faculty, and the institution's trustees or directors. In its early stages, this "democracy of interest" is a must. It broadens input and ensures a forum for a variety of ideas and opinions. At a later stage, a small group, generally led by the president or dean, should sort through all of this and draft a position statement on needs and priorities. Ultimately, the board must make final choices, not only because they bear the responsibility for the institution, but also because their commitment to its direction is a critical ingredient to any prosperous campaign.

Next, build an inventory of donor interest and commitment. Generally you do this after you've established institutional needs and priorities. Test those needs on those who you are

going to ask to help meet them. Beyond specific questions about gift targets, ask donors for their general feelings for the institution, its leadership, its aims, their emotional commitment to helping, and any concerns or issues that may get in the way of a campaign.

Often, institutions hire consultants to run independent "feasibility studies" seeking answers to these kinds of questions from a small representative group of constituents. Outside objective research is often helpful and persuasive. Regular development staffs can also follow the same format to obtain similar data, but there are some drawbacks. A staff may be unable to draw out critical remarks or realistic self-assessments of the potential for support. Furthermore, staff studies sometimes seem less credible to directors, boards, or presidents.

After you've done some external homework, you need to analyze the state of readiness of the president and staff. Is your president a good writer or good public speaker? How does he or she measure up as a fund raiser? How about the staff? Are they experienced? Have some or all participated in previous campaigns? Are they competent in their own sub-specialties? Indeed, are the current annual and deferred giving programs succeeding? Are you already doing an effective job of attracting corporate and foundation support? Be careful of presidents and boards that think campaigns can magically and instantly improve ongoing programs like annual giving.

You must analyze if your staff is an adequate size to undertake the job. Do you need more people? Where are they needed? What kind of people are you looking for? Most importantly, has the development team been given the financial resources to achieve its goals?

Completing the internal and external assessment of your institution is only half the job. You will need to develop a thoughtful plan to implement the campaign. Some of your considerations are budget; staffing; timetable; organization; tables of needed gifts; and roles of trustees, the president, other boards, and related offices. Plan, too, to be flexible. Few campaigns meet every deadline, achieve every goal, or succeed as prescribed. One thing we development officers get paid for is to learn to adjust!

Ingredients for a successful campaign

There are many varied factors that contribute to the successful and timely completion of any capital campaign. Each influences the other, so that none stands alone in singular importance.

No fund-raising effort can ever succeed without research, research, and more research. The systematic assembling, recording, and analyzing of background information on individuals, foundations, and corporations is central to any effort to raise money. Asking $10,000 for football uniforms from a benefactor who has given the National Gallery $1 million to endow an acquisitions fund is a mortal sin!

Know your prospects -- their assets and salaries, their philanthropic interests, the level of their emotional commitment to your charity, the people who would be their ideal solicitors. Having gathered all available data, develop a sound approach for each major prospect.

Acquire research information in a formal and organized fashion. Most development shops -- even small shops where officers wear many hats -- should employ at least one full-time researcher. Using all the public resources available (among them, Who's Who, D & B Directories, social registers, proxy statements, and S.E.C. "Insiders" Reports), the research unit can help draw a profile of each prospect and assist the development officer to formulate a cultivation and solicitation strategy. Research professionals pay for themselves many times over.

There are many ways to learn more about your prospects. You can use such tools as alumni questionnaires or directory questionnaires to gather biographical data or to survey opinions about their philanthropic activities.

Pre-campaign planning often calls for "national prospecting programs," a systematic review of major gift prospects on an area-by-area basis. These programs use local screening meetings, employing small groups of individuals to analyze the interest and potential of prospects in their respective areas. Later, the staff turns information gathered from these screenings into personal ratings.

While prospect information is critical, a campaign cannot prosper without enthusiastic and committed volunteer leadership. Some major drives in recent years have relied on the president and the development staff to do much of the fund-raising. That is an error. Most really effective campaigns have benefitted from the strong involvement of dedicated volunteers. Their example -- not the example of the paid professional staff -- gives motivation and encouragement to fellow volunteers and to those being asked for their major financial support. Moreover, volunteer leaders apply the skills learned in their own professions, often bringing reality and practical advice to institutions and institutional leaders who may be too myopic or theoretical. In short, good campaigns -- those that maximize their potential -- succeed because they have good volunteer leadership. Failure is more likely when those quality people are missing.

Often, key campaign leaders come from the institution's board of directors or trustees. That is not accidental. Indeed, such boards generally set the tone for any drive. If board members demonstrate a public commitment to the goals of the campaign, their endorsement stimulates those they represent. If they make a sacrificial showing of support, they provide a model for others who look to them for guidance. If they take an active role in working on behalf of the campaign, they set an example of volunteerism that multiplies. If they do none of these, you may have an unworthy campaign.

The institution's chief executive officer, often its president, must be even more zealous in pursuit of campaign success. As the institution's principal spokesperson, he or she must articulate the institution's needs in a compelling way. This person will often be called upon to build institutional relationships with major donors; indeed, the president should be an effective solicitor, with the courage and conviction to ask for the universe and the grace to accept what may come as less.

Presidents serve many varied functions in campaigns: public orators; skillful cultivators and solicitors; demanding and supportive leaders of faculty and staffs; and liaisons between the trustees and those who report to them. While presidents ostensibly "work" for the trustees who hire them, they may find themselves leading those very same people to play the important roles the campaign needs. Furthermore, presidents must lobby successfully for an appropriate staff level and adequate campaign budget.

A good development staff and an adequate budget are two musts. Other chapters here and other resources can detail what makes a development officer effective. Suffice it to say here, that to those ingredients one must add patience, endurance, and drive if that officer is going to be productive for the duration of any campaign.

While staff quality is obviously essential, having a staff sufficient in size for the level of the campaign effort is equally important. Trustees and presidents will often try to minimize staff additions in such drives, fearing that such people may ultimately become permanent budget drains or stimulate resentment from departments competing for those budget resources. Yet it is often not reasonable to expect the same number of professionals to raise two or three times more money annually just because there is a campaign on.

The axiom that "it takes money to raise money" can also be paraphrased to say that "it takes people to raise money." Like the comment on researchers offered earlier, good, effective fund raisers will pay for themselves a hundred-fold.

What about budget? There are many opinions, many formulas. A conservative rule of thumb is that campaign costs should be approximately 5 percent to 10 percent of the campaign goal. That will, of course, vary from institution to institution, depending on its respective "state of readiness" for a campaign or even the size of the campaign. In fact, larger drives often cost proportionately less, since they rely on higher-level individual gifts that cost the same to acquire as lower-level support for smaller ventures.

Institutions that attempt to raise significantly larger sums using unsupplemented budgets run real risks of failure. Certainly we can improve our cost-per-dollar raised ratios on a day-to-day basis; however, economics of budget will generally prevent the development officer from doing the appropriate things to raise the sights and expectations of prospects during a campaign. While your treasurer may scream at the prospect of adding more development burden to the budget, the same financial officer shouldn't look to you to double your endowment or build that new field house unless he or she wants to make a temporary investment to "prime the pump."

Finally, institutions can be blessed with effective internal and external leadership, an abundance of committed and well-trained volunteers, thorough knowledge of its constituents, a highly professional staff fully augmented and adequately financed, and still falter. There is one missing element.

What is the institution's case for support? Why does it profess to be worthy of a donor's interest? What are its needs? Are they compelling to its constituents?

These questions, and many others, are usually dealt with in a campaign case statement. In short, this document generally sets out to report where the institution is, where it wants to go, and how this campaign is going to help it get there. Those are among such statements' external goals.

Equally important, the process of formulating the case statement has many internal virtues. It forces the institution to come to grips with its mission, its current position, its ambitions, and how those goals should be reached. Obviously, such case statement preparations take time. Some have taken up to five years to complete; most thoughtful statements take at least 12 to 18 months of research, dialogue, and then writing and rewriting. Those that shortchange the importance of the exercise threaten a successful campaign.

Chapter 10

DEFERRED GIVING

Frank Minton
Director of Planned Giving
University of Washington

A volunteer and a development officer have called on Mr. Smith, who is considered a prospect for a major gift to the library campaign. They have covered the opening amenities and have made a case for the building program. Now it is time to ask for the order.

Volunteer: Mr. Smith, would you consider a $50,000 contribution to our capital campaign to build a new library?

Mr. Smith: Although I recognize that the existing facility is woefully inadequate, such a gift is simply not feasible for me. The income from my investments will be somewhat smaller this year and is already committed.

Volunteer: Many of our alumni have found a contribution of appreciated stock to have more tax advantages than a gift of cash, and some have chosen to pledge these securities over the three-year campaign period.

Mr. Smith: A gift of stock would be preferable because much of my portfolio has an extremely low basis. However, I am planning to retire next year and must depend on the dividend income from those stocks.

Development Officer (accompanying volunteer): Mr. Smith, no less important than an adequate building is the maintenance of an excellent collection. Suppose it were possible to transfer some of your highly appreciated securities now, continue receiving income from them for the duration of your life, avoid paying tax on the capital gain, and have the benefit of a large charitable deduction during this final work year when you are still in a high tax bracket. And suppose that, after the termination of your income interest, the income would be used each year to purchase new books -- would you be interested?

Mr. Smith: How is that possible?

The answer is through a deferred gift -- more specifically, through one of the charitable remainder trusts discussed below. From this dialogue it is apparent that Mr. Smith feels that he cannot make a major outright gift either of cash or securities, even if the gift is pledged over a three-year period. As a fall-back position, the development officer proposes a deferred gift whereby Mr. Smith will continue to enjoy the benefits of his assets, and the college's use of them will be delayed or "deferred" to some future time.

The development officer's proposal illustrates three important characteristics of deferred gifts. First, deferred gifts are usually made from capital resources rather than current income. Nearly all annual fund donations consist of checks drawn on discretionary income, but most deferred gifts entail transfers of stocks, bonds, real estate or cash from deposit accounts. Whereas gifts from current income seldom exceed $1,000 per year, gifts of capital are often in the $100,000 range and sometimes reach the million-dollar level. Unlike the quantitative, mass-solicitation approach of annual fund drives, deferred giving is qualitative, focusing on the select few who are able to make major commitments of capital.

A second and related characteristic of deferred gifts is that they enable donors to give more than they had thought possible. This is partly because one can make a deferred gift without sacrificing income. In fact, through many deferred giving arrangements the donor actually has more money to spend as a result of having made the gift. Another reason is that the combined tax savings may render the net cost of the gift negligible. To most individuals, a $100,000 gift seems utterly beyond their reach, but when they subtract income, capital gains, and estate tax savings, their out-of-pocket expense may be only $30,000 to $40,000. If the gift is a type that pays a life income, the value of these payments added to the tax savings may even exceed the $100,000 transferred, so the donor would, in a sense, profit from the charitable gift. The challenge to the deferred giving officer is to package the proposal so that a person who has any philanthropic inclination will realize that he or she can, after all, have the satisfaction of making a major gift.

The third characteristic of deferred gifts is that the donor often receives something tangible in return. Intangible benefits identification with a worthy cause, personal recognition, membership in a select group -- flow from all forms of gifts. Tax savings likewise result from most gifts, outright as well as deferred. However, only from a deferred gift, such as a charitable remainder trust or gift annuity, can the donor receive a quarterly check. Thus, the deferred giving officer, while putting primary stress on charitable instincts, can also offer a dollar return on the investment. For this reason deferred gifts

often come from those with minimal institutional loyalty. Some colleges and universities, in fact, "sell" the financial benefits of deferred giving plans through advertisements in the public media.

The importance of deferred gifts is evidenced by the fact that the major portion of college and university endowments has accumulated through them. More than 40 percent of all individual giving to universities is now through bequests and other deferred gifts, and the deferred gift has become an important component of most capital campaigns. In the future, deferred gifts are likely to account for a still larger percentage of total giving, partly because unpredictable government support is driving more institutions to seek the financial stability afforded by endowments, and partly because demographic factors are favorable for deferred giving to flourish. The percentage of the population over age 65 is increasing and the birthrate has remained low for nearly two decades. This portends a larger pool of older persons with few children -- the very group most likely to complete deferred gifts.

The field of deferred giving requires a high degree of technical expertise because of the complexity of tax laws. The development officer who does not intend to specialize in this area should, nevertheless, acquire a familiarity with the various types of deferred gifts so that he or she can recognize prospects, mention these options, and make referrals. The remainder of this chapter will give you a very brief, and necessarily oversimplified, synopsis of these forms of gifts.

Bequests

A bequest is the most popular method of making a deferred gift to schools, colleges, and universities. At most institutions bequests account for more dollars than all other forms of deferred gifts combined. Thus, every charitable organization, whether or not it has the resources to offer the more sophisticated plans, should, at the very least, initiate a bequest program. This consists of encouraging individuals, through published materials and systematic mailings, to include the institution in their will, recording bequest expectancies when informed about them, and acknowledging the provision the person has made through letters of appreciation and periodic visits. Some people prefer the contents of their will to remain confidential, and their wishes should, of course, be respected, but a large number are pleased to inform the charity of their plans.

Very simply defined, a bequest is a direction by will to give personal property to a particular beneficiary. If the property is real estate, its disposition is called a devise. A bequest may consist of a specific piece of property or dollar

amount, or of a percentage (for example, 50 percent) of the residuary estate. If the bequest is contingent, its actuality depends on the prior death of certain named beneficiaries.

Charitable remainder trusts

A trust is an arrangement by which an individual transfers legal title to property to someone (the trustee), who holds and manages it for the benefit of other persons (the beneficiaries). A beneficiary may receive a present interest consisting of trust income, or a future interest consisting of the remaining principal after all income interests have terminated. In most instances present and future interests are awarded to different beneficiaries, but it is possible for the same beneficiary to receive income now and the principal later. Trusts play a central role in estate planning, and they are so versatile that they can be adapted to almost any family situation.

A charitable remainder trust is one type that is proving to be an important source of funds for colleges and universities. The creator (or "donor") of such a trust transfers cash, securities, or real estate to the trustee, who pays income to that donor and/or other named beneficiaries, either for life or for a period not to exceed 20 years. Upon the death of the last surviving beneficiary, or at the end of the established time period, the trust assets are distributed to a charity or charities for purposes determined by the donor.

Besides the obvious benefit of regular income without management responsibility, three tax advantages accrue to the donor:

1. an income tax deduction in the year of the gift based on the value of the charity's right to receive the remainder interest;

2. avoidance of long-term capital gains tax when the trust is funded with appreciated property; and

3. possible reduction in the federal estate tax that would otherwise be assessed upon the donor's death.

The amount of income paid to beneficiaries can either be fixed or variable depending on the type of charitable remainder trust.

Charitable Remainder Annuity Trust -- An annuity trust pays a fixed dollar amount representing at least 5 percent of the initial fair market value of the donated property. For example, if a donor transferred $100,000 to an annuity trust and elected to receive $8,000 per year, that amount would be paid whatever the investment performance, even if principal had to be invaded to meet the obligation.

Charitable Remainder Unitrust -- The amount paid by a unitrust, on the other hand, is determined by multiplying a fixed percentage (at least 5 percent) of the net fair market value of the trust assets as revalued each year. This fixed percentage is called the "unitrust amount". If the same $100,000 were transferred to a unitrust and an 8 percent payout rate were selected, the annual payments could be more or less than $8,000. Assuming a bull market in which the trust property appreciates to $120,000, the beneficiary would receive $9,600 (8 percent times $120,000). In a bear market, however, in which the property declines in value to $90,000, the annual payment to the beneficiary would be $7,200.

Pooled Income Fund -- In contrast to any annuity trust or unitrust in which the assets are managed separately, contributions to a pooled income fund are commingled into a large investment "pool" similar to a mutual fund. When a donor makes a gift to this fund, units are assigned to the named beneficiaries, based on the market value of the gift on the date it is given. The income from the pool is prorated and paid to each beneficiary on the basis of the number of units he or she possesses. Because it is a single trust with many participants, administrative expenses are minimized and smaller donations are accepted.

The mode of making income payments to beneficiaries is not the only way in which an annuity trust, unitrust, and pooled income fund differ from one another. For instance, all payments from the pooled income fund are fully taxable as ordinary income, while annuity trust and unitrust payments may be taxed as ordinary income, long-term gain, or be tax-free, depending on the nature of the trust distributions. Another difference is that a donor can make additional contributions to a unitrust or pooled income fund, but not to an annuity trust.

From the charity's standpoint, the most important fact is that all three are irrevocable. Although the charity's use of the principal is postponed until the death of the beneficiaries, or other expiration of their interests, the charity may with certainty include the gift in its long-range planning.

Charitable lead trust

The charitable lead trust is the converse of the charitable remainder trust in that the charity receives income rather than principal. A donor irrevocably transfers assets to a trustee and provides that income be paid to the charity for a pre-established number of years. After those years have elapsed, the trust principal reverts to the donor or is distributed to one or more other individuals (remaindermen). A lead trust is particularly advantageous to the person who wishes to transfer property to heirs with minimum transfer taxes.

For example, a widower transfers $500,000 of high technology stock to a lead trust and stipulates that for a period of 15 years $40,000 annually will be paid to a university. At the end of that period the principal will be distributed to the grandchildren in equal shares. During the 15-year period of the trust, the university will receive income totaling $600,000. The grandchildren get possession of the stock when they are more mature, and by that time it may have increased in value considerably. This method of passing the stock to the grandchildren results in much less estate tax than would result from an outright gift or bequest.

Charitable gift annuity

A gift annuity is a contract between the donor and the charity similar to that between an insured and the insurance company. In return for a transfer of cash, securities, or real estate, the charity agrees to pay a fixed income for life to the donor and/or other beneficiary. This income (annuity) is guaranteed and backed by all of the assets of the charitable institution. If the amount contributed for the annuity should be exhausted, the institution must tap its own reserves to meet the obligation.

This is normally not a problem because the rates of return recommended by the National Committee on Gift Annuities, and adopted by most charities, are sufficiently low to ensure that at least 50 percent of the amount contributed will remain when the last beneficiary dies. Actually, most charities are able to avoid any depletion of reserves through sound investments.

Like the donor to a charitable remainder trust, the purchaser of a charitable gift annuity receives a charitable income tax deduction, the size of which depends on the age and sex of the beneficiaries and the payout rate, and which is computed using assumptions in the U.S. Treasury tables. The portion of annuity payments representing return of principal is tax free. The balance is taxed as ordinary income and long-term gain, depending on the nature of the contributed asset.

With the exception of bequests, gift annuities are the oldest form of deferred gift. Since they are not gifts in trust, they do not require a complicated administrative procedure. Consequently, the gift annuity, like the pooled income fund, is an appropriate vehicle for gifts in the $5,000 to $10,000 range, but it is by no means limited to modest gifts.

Deferred Payment Gift Annuity -- Whereas payments from a gift annuity begin immediately, payments from a deferred payment gift annuity begin at the beneficiary's retirement or at any age

specified by the donor (at least one year after the date of the gift). In determining the rate of return, consideration is given both to the interest to be earned during the deferral period and the age of the beneficiaries when payments begin. In certain respects, the deferred payment gift annuity is similar to the popular tax-deferred annuity purchasable from commercial insurance companies. Both offer a deferral of taxation on interest earnings until annuity payments actually begin, at which time the investor, presumably, will be in a lower tax bracket than during peak earning years. In contrast to a commercial annuity, however, a gift annuity generates an income tax deduction when contributions are made.

Gift of residence or farm with retained life estate

Persons who own a home or a farm may, under a retained life estate plan, give the property to a charity and receive a charitable income tax deduction now, yet continue to use the property for their lifetime. Such a plan is appealing to many donors, because it allows them to continue in an accustomed life-style -- living at home or operating a farm -- while saving money and making a significant gift to a charity. Generally, individuals should not consider transferring title to property subject to a retained life estate unless they are reasonably certain that they want to occupy or use the premises for the duration of their lives. Obviously, the arrangement is inappropriate for mobile, younger people or those who would require the sales proceeds to relocate.

Suppose, however, that a widow, age 71, is comfortably situated with a home and substantial investment income. In her will she has left the home to her college but wants to continue living in it as long as she can. She "accelerates" her gift by transferring title now and saves thousands of dollars in income taxes. Certainly it makes sense for her to seize this opportunity to retain tax dollars without disrupting her life.

Gift of life insurance

Life insurance can enable a person to make a significant future gift at very modest present outlay. One method is to name the charity as beneficiary to receive the death proceeds. The owner of the policy retains the right to borrow from the policy, surrender it for cash value, or revoke the beneficiary designation should family circumstances change. Another method is to assign ownership of the policy to the charity. This results in a charitable income tax deduction for the value of the policy at the time it is assigned and for any premiums the donor continues to pay, but the donor does forfeit all rights in the policy. These are but two examples of many ways life insurance can be used in charitable giving. It is a resource that has been barely tapped by most colleges and universities.

Many excellent training seminars and resource materials are available to the development officer who wants to learn more about the various types of deferred gifts. Only the trained specialist should negotiate deferred gift agreements with prospects, but all development officers should acquire a familiarity with the terminology and an ability to recognize when a deferred gift fits the situation.

Chapter 11

CORPORATE RELATIONS: THE INSTITUTIONAL PERSPECTIVE

E. Thomas Ezell
Senior Development Officer
Skidmore College

A newcomer to corporate fund raising in the '80s enters a field of very keen competition. One reason is that more and more colleges and universities are setting their sights on America's corporations as an increasingly important component in institutional advancement programs. American business and industry have responded in positive terms overall, but they face an unrelenting flow of requests from the entire not-for-profit sector. Never before has the impact of corporate support been so widely felt; never before has the expectation level been so enthusiastically inflated. Somewhere in between lies the real world of supply and demand, and to the newcomer one could do no better than to issue a cautious "Beware!" That warning is simply a reminder that, as with any other successful fund-raising activity, one must first learn and play by the rules of the game.

In 1982, the Reagan administration began to enact an old campaign promise of reducing the role of the federal government. Accompanying that came a predictably unwelcome retraction in federal support to higher education. With a wave of the hand, Washington dismissed the contention that such cutbacks would have a long-lasting effect. Before that hand had come to rest it extended a coercive pat on the back of corporate America. For corporate America, on the other hand, it felt more like the final nudge at the edge of the cliff. It was an ironic and untimely attempt at passing the buck, for never in post-war America had the corporate balance sheets looked so grim. With government support to nonprofits running in excess of $47 billion annually and corporate support at a more modest $2.5 billion, it was unlikely that the latter would pick up the slack of the former. Someone had clearly forgotten the rules of the game.

Corporations are certainly not immune from such erratic pressures; indeed, they sometimes create an environment for such pressures as they compete freely in the marketplace. Many aspects of corporate America are more orderly however, operating under clearly defined guidelines and principles. One of those aspects is that of corporate contributions. It is, of course, incumbent upon the applicant institution to understand guidelines and principles. As the institution's liaison person, you have the responsibility to know and respect them.

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For you, the newcomer, there are most probably only two forks in the road. Either you've inherited an ongoing program of corporate support or it's your job to plan and implement one. Since most newcomers in development programs are not assigned to corporate fund-raising activities, you probably have previous experience to rely on. You should, however, ask yourself and those around you some of the following questions:

1) What are the short- and long-range goals of a corporate support program at my institution? How much of my time will be spent in their implementation?

2) Are they consistent with overall institutional needs both in the nature of those needs and the dollar value relationship to other constituency support?

3) Have those goals been established with a reasonable appreciation of corporate interests and contribution policies?

4) Does my corporate support program involve faculty, students, trustees, and alumni? If not, why not? If so, how effectively have we used them?

5) To what degree does my institution prepare graduates for American business and industry? How many corporations recruit at my institution? How does that compare with similar institutions?

While these questions do not cover the entire spectrum of information that relates to a successful corporate fund-raising program, they do tend to suggest a number of fundamental points. Let us return to the first question.

Setting goals

Goals are critical to any endeavor. They help you to monitor your progress; they lend objectivity to your mission. They cannot be established in a vacuum nor imposed from above. In a limited sense, they are the life signs of all that you do; in a broader context they reflect the sum total of all that others do for you. In the latter sense, they are the best incentive you have in the collective effort that is fund raising itself.

You should take active ownership of your goals, share them in the widest possible circles, and assure each and every individual that your goal is really their goal. You will find that corporations will be interested to know what other corporations are doing for you. Those "others" have assisted you in your goal; they are your best endorsement as you pursue new prospects in the corporate community. In short, the goal --

too often perceived as a conclusion to activity -- should be an active and integral part of all that you do and all that you ask others to do on behalf of your institution. The goal should be a reciprocal and synergistic element in your success: You work for it; it works for you.

The question of time spent on a particular goal is meant to suggest the question of priorities. If your entire time is spent in corporate fund raising then this is not a problem; but at many institutions, development officers wear more than one hat. If that is the case, you must carefully weigh the benefits of your corporate program with whatever other responsibilities you are assuming. In many smaller institutions, you may well be running a foundation program as well as a corporate one. You must assess the potential of each program and assign time allocations accordingly. The fact that approximately 83 percent of all philanthropic giving in this country is attributable to living individuals does not mean that you should perceive other support as relatively insignificant. You may actually decide to spend more time on a program that will yield fewer results. That is particularly true if you're trying to build or refine a program; that takes time. Remember too that volunteers can save you time but only after you've invested time in their preparation. A volunteer must not only be willing, he or she must also be informed and that's a process that requires constant attention (i.e., time). Above all, coordinate the planning and implementation of goals with careful calculations of time available. The two go hand in hand.

Assessing institutional needs

The notion expressed above that goals not be established in a vacuum nor imposed from above suggests a context for consistency. Every institution has annual, capital, and program needs and every institution has a sense of expectation from its various constituencies, i.e., alumni, parents, friends, corporations, foundations, and so on. Your job in corporate fund raising is to determine in what areas you might best expect to receive corporate support and at what level corporations will assist in your overall institutional needs.

Remember too that the type of institution you represent is an important factor in ensuring that your approach to corporations is "consistent." Recent data suggest that corporations outperformed all other groups (alumni, friends, foundations, others) in their support (dollar value) of public four-year institutions. Corporate support of major (research) universities, private universities, and specialized and professional schools has traditionally been very strong. Annual data compiled by the Council for Financial Aid to Education (CFAE) and the Council for Advancement and Support of Education (CASE) are very valuable in helping you set goals that are

consistent not only with your institution but also with corporate interests and giving patterns. While overall corporate support to higher education has increased annually, certain types of institutions have experienced declines. These trends are vital to the integrity of your planning and implementation of corporate support programs.

Some fund raisers are shortsighted in their approach to corporations. While good at articulation, they are poor listeners. As a result their eyes and ears betray them particularly when they formulate a definition of support that tends to be myopically linked to cash. Every institution has replacement needs; many of those in the form of equipment. Many institutions would lend new dimensions to the educational process by taking advantage of loaned executives or by forming mutually beneficial working relationships with American business and industry. We tend to forget that many of corporate America's greatest assets are the products of our own educational institutions. The formation of partnerships between American business and education has simply not been fully exploited. Those partnerships are very often the best way to foster ongoing relationships through which the corporation has good reason to respond more readily to education's financial needs.

In addition, you need to be consistent in your program so that those to whom you appeal can take you seriously. While one wouldn't dream of requesting a matching gift from a corporation that has no matching gift program, many other 'surprises' arrive regularly in corporate contributions offices in the form of urgent requests for support. Those requests originate from a misguided sense of direction through which the fund raiser assumes that his or her institution's priorities will be more or less universally received.

Understanding corporate interests

Perhaps unwittingly the American fund raiser has made an enormous contribution to the dissemination of corporate giving policies. It can safely be assumed that this is largely because of an unwarranted number of funding requests that simply do not reflect a "reasonable appreciation" of corporate interests. By "reasonable" one must concede much more than "within reason", which is often nothing more than a subjective gamble. The real message here is of careful preparation and research.

Research is a dominant factor in all fund-raising planning and implementation. Corporate fund raising is certainly no exception. Unlike the alumni fund manager who has the advantage of dealing with those who have an emotional -- and even

proprietary -- interest, the corporate fund raiser deals with parties whose decisions are made in a much more structured way. The alumnus is generous with his or her own funds; the corporate manager is investing the stockholders' money. The personal appeal to the alumni body has no appropriate counterpart in corporate requests. All of this is by way of suggesting that the corporate fund raiser has a very special role to play.

Establishing a reasonable appreciation of corporate giving programs is just a part of what's necessary as the fund raiser sets about the task. The fund raiser must serve as a broker between two parties where there may have been no prior relationship. In the role of broker, the fund raiser must be able to form in the mind of the corporate manager a compelling context through which the interests of the corporation are directly associated with the institution's needs. The fund raiser must be persuasive and concise; he or she must convince the corporation of efficiency, experience, necessity, and commitment. He or she must articulate the institutional "will" while establishing a context for the corporation to help with the "way."

At times, the fund raiser may involve a corporation's sense of direction that has no stated reference in its giving programs. This can only be done if the fund raiser has an intimate knowledge of the corporation's wider interests, for example, the desire to hire more women, to enhance research and development, or to involve itself more actively in civic programs as expressed in the annual report, press releases, and so on. There are innumerable examples in fund raising of corporations redirecting support into new programs simply because institutions have been alert and persuasive enough to provide an opportunity for them to do so.

The fact that corporations are in business to make money is not always as apparent to the fund raiser as it is to the investor whose capital is at risk. No less obvious at times is the fact that corporate contributions are often erroneously assumed to be philanthropic gestures or expressions of corporate bonhomie. Furthermore there is no rule that says that a corporation cannot be as interested in the arts as it is in building a new program in biotechnology at a major research university. A nearby corporation may fund a program at your institution that it would not fund elsewhere simply because it wants to be a good neighbor in places where it has a presence. All of this suggests again that the corporate fund raiser must be willing to test and explore current corporate interests and be bold enough to suggest new opportunities for the future.

Involving students, faculty, trustees, and alumni

In the name of the institution as a whole, one often forgets its most important individual parts. Despite years of experience, there are times when the person whose job it is should yield the floor to the person whose job it is not. To the corporate executive visiting your chemistry lab, the student should be more qualified to articulate the value of an experience than you whose responsibility it was to ensure the visit. And when the executive moves on to the office of Professor N. Zeim you should be taking mental notes instead of winning points. At lunch with Trustee L'oyal, you dutifully pass the butter; the corporate executive has turned his back to listen more attentively to the chair of the Chemistry Department. While you are paid to raise money, "unpaid" voices are often more persuasive in making the sale.

Obviously, a part of the reason that the "unpaid" voice is more persuasive is that it is also the voice of experience. Ideally, the fund raiser should be creating situations where his or her own presence is subordinate to other more expert voices and the corporation's representative. This is particularly true in matters involving program support where the corporation and institution have mutual interests to explore. While the fund raiser must be alert and inquisitive, he or she cannot be a microbiologist at one moment and a materials engineer the next. Students and faculty are your greatest asset in negotiations involving many kinds of support.

Off-campus visits to corporations are not always easy to arrange but they are a very effective way of initiating contacts or of reporting on your institution. Outside volunteer involvement is highly desirable. Trustees and alumni who themselves have corporate experience can often articulate the mission of your institution in straightforward terms foregoing boiler plate for a concise presentation of the facts. Using volunteers to trace institutional progress by growth charts that reflect admissions activity, financial management, endowment performance, and the overall stability of your school is a very effective combination in the corporate approach. You should also feel competent in this respect. Your institution's annual financial report contains a wealth of appropriate information as well as convenient contexts (pie charts, graphs, balance sheets) for a capsulized analysis of its well-being.

It is particularly appropriate for a newcomer to rely on others to communicate the institution's message to the corporate community. You should strive to be knowledgeable yet never omniscient. As you mature in your job don't forget that the voice of experience need not always be your own. Enlist those who are involved and involve those whom you enlist. Many voices are better than one.

Question of recruiting

In practice, the corporate grant is strikingly similar to the fund raiser's goal: It is reciprocal and synergistic. In strengthening the institution, the corporation hopes eventually to restrengthen itself. As such, one of the most persuasive arguments for institutional support lies entirely outside of the development office. It relates to the institution's ability to place its graduates or conversely the extent to which corporations recruit successfully on your campus. This is because what we ascribed to the fund raiser's goal i.e., that it be reciprocal and synergistic also applies in practice to the corporate grant-making policy. Often referred to as "enlightened self-interest" or, in the language of our forbearers, quid pro quo, the corporation will often direct its support to a source of future replenishment. This again is one of the rules of the game.

One can assume therefore that despite the fact that XYZ corporation has an extensive scholarship program across the nation it will probably not look favorably upon Ferncliff if it has never had an interest in recruiting there. That in and of itself should not be cause for institutional self-denigration nor should the corporate fund raiser abandon all hope. If, on the other hand, representatives from 30 of the Fortune 500 regularly recruit on your campus you should be developing a close relationship with each of them and through them to others who will want to support. In many institutions those contacts alone would more than preoccupy a fund raiser and one or two clones.

While the question of recruitment permits an appreciation of the forceful concept of enlightened self-interest, it opens other doors as well. If there is a tradition of recruiting on your campus, you have a potential cadre of enlightened advocates "on the inside," particularly among those who have respectable giving records in the alumni office. And then there's the matching gift, the gifts in kind, the loaned executives, and all sorts of other rewards just by dint of the recruiting relationship.

While recruiting is a strong basis for corporate support, corporations are not compulsively driven by self-interest. Many major corporations have programs that are far-reaching both in terms of interest and geographic flexibility. In fact, there are numerous examples of geographic restrictions being waved because of interest in a unique program in which the corporation has a stated overall interest. Some corporations offer nationally competitive grants to "the nation's premier liberal arts colleges" even though their prominent interests lie elsewhere.

Because most corporations are run by extremely intelligent people, many of whom have an undeniably strong commitment to strengthen higher education, you, the corporate fund raiser, must

constantly be alert to new opportunities within your institution. Every opportunity needs review but not all should be exploited. Remember that corporations need time to know you but that you have an obligation to know them as well. Those are just some of the rules of the game.

Follow up

While it would be presumptuous to assume that the information above will have a positive impact on your success, perseverance and good planning will yield results. It is vitally important to remember that success does not come without responsibility. In the case of the corporate fund raiser the word is: stewardship. You must diligently report on your grant and the impact it has on your institution and your students. After all, would you leave your money in a corporation that forgot to do an annual report? Good luck!

Chapter 12

CORPORATE RELATIONS: THE CORPORATE PERSPECTIVE

Frances M. Kelly
Manager, Special Education Support Programs
IBM

I am delighted to have this opportunity to share with the development profession's newcomers. When I was a newcomer myself to the area of corporate philanthropy, a book of this nature addressed to those of us on the other side of the desk would have been most welcome!

Over the past decade, I have met and talked with any number of college and university development representatives, from neophytes to vice presidents, and have been impressed with their growing professionalism. The development person, in my mind, is a salesperson for the institution and must represent the college or university in the very best light. He or she not only must make a presentable appearance, but must also understand and be able to articulate the institution's mission.

Corporate fund raising is not easy; it requires a good deal of skill and persistence. Although corporate support for higher education has increased significantly in recent years, it still represents a relatively small percentage of the total funds a college or university raises during a given year. For this reason, it is important to have a corporate strategy so that your energy is directed to those companies where there is some likelihood of mutual interest.

Corporations are not in the business of philanthropy, and corporate support for higher education is becoming much more directed than in the past. As a high technology company, for example, IBM focuses its grants primarily in the areas of science, engineering, and management. It is not uncommon for corporations to support those areas where the needs of the business and the needs of the institution overlap. It is the development officer's job to do the research on corporations and corporate foundations to ascertain whether an area of mutual interest may exist.

In terms of dealing with companies on direct grant solicitation, I have some suggestions for dos and don'ts -- before, during, and after the grant.

Before you ask for a grant

- Do your homework. Research the company, not only its philanthropic interests, but also the nature of its activities as described in its annual report.

- Use the tools at hand. Consult the Council for Financial Aid to Education Casebook, the Foundation Center, and other resources.

- Develop local contacts. These can be a key to your success with a national company that has many facilities across the country.

- Look into how the institution can serve the needs of business. Reach out in terms of program development. Establish advisory boards or committees and involve business people where it makes sense.

- Get to know the giving officer or community relations manager, if you can. Make an appointment -- don't just drop in. When you come to a meeting with a corporate representative, be prepared to talk about a variety of programs at your institution (in case the one you have in mind does not go over very well).

- Above all, listen. Try to read between the lines of what the grants person is telling you. Sometimes significant clues are given indirectly. And don't challenge the company's giving philosophy, even if you disagree with it.

- Try to be brief. Respect the person's time constraints. Bring some background material to leave behind -- especially a case statement, some general statistics on the institution, something that is easy to read and easy to digest. On the other hand, don't deluge the corporate person with college literature.

- Follow up. Send a note to the person you have visited and include some action plan if that seems appropriate.

Preparing your proposal

If it appears from the conversation that a request would be considered:

- Get it in on time.

- Follow directions. Include all of the basic material the first time. In addition to the specific proposal, most companies require a recent audited income and expense statement; college catalog; list of trustees; budget for the department, school, program or entire institution; percent of funds to be raised from business; and a list of recent corporate gifts.

- Present the school honestly. Don't make false claims regarding quality or prestige.

- Don't lean too much on form or style. Substance is much more important.

- Net the proposal down as much as possible. State the case simply, in English, and not academic language. Put yourself in the reader's shoes. Try to have a corporate perspective.

Waiting for the outcome

Once the proposal is in -- on time -- and has been acknowledged, wait:

- Don't make endless phone calls. Don't "check up" on its status. Remember, no news usually is good news.

- Update when necessary. If you have received other corporate grants that might be of interest and relevant to the proposal at hand, by all means let your contact know about them.

- Say thank you. When the grant is awarded, be sure the president acknowledges it to the person who signed the cover letter as well as to your contact. Be grateful even if the final grant is smaller than you had requested or anticipated.

- Consider public acknowledgement. Ask your contact about procedures for publicity and adhere to the company's wishes.

- Make progress reports. If the grant is payable over several years, send periodic reports regarding how the funds were expended. A personal visit to drop off a report, although unnecessary, is a nice gesture.

- Maintain your contacts with the company. They can lead to other sources of support, financial or otherwise.

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Making a strong case

In summary, we believe a good request should:

- be clear and concise;
- state the case (the corporation should not have to develop a case or re-write the proposal);
- and give a precise statement of goals to be achieved, the ability of the institution to fulfill those goals, the cost of the project, management of the project, and how the college will eventually carry it on.

We think the characteristics of an "ideal" grant are that:

- public funds are unavailable;
- it is consistent with the company's program objectives;
- it is potentially permanent in its results -- that is, if successful, there will be a residual effect, long after the project is finished;
- there is outstanding project leadership;
- the project is central to the mission of the institution;
- there is a high "readiness coefficient" -- that is, there exists a solidly promising need and competent people to pursue it;
- it is influential -- that is, results of the project, if successful, are likely to be influential in effecting change to other institutions;
- it is economically levered; and
- success or failure are clearly measurable.

Since not every college or university will fit into a company's direct giving program, you should not overlook another important source of unrestricted funds -- corporate matching gift programs. Almost a thousand companies have established matching gift programs for their employees and many now include directors, retirees, and spouses as well. The matching gift program operates, in a sense, as an open checkbook and is administered jointly -- by the college and the corporation. The corporate matching gift administrator must look to the institution for verification that the gift has been received and

complies fully with the purposes as well as the spirit and intent of the program. While some administrative burden is placed on the institution, the results should be worth it. The following are some suggestions you might consider for your institution with respect to matching gifts:

- Designate one person to be the matching gift coordinator for the college or university.

- Provide this name to the matching gift companies and circulate it throughout your institution insisting, if you can, that all matching gift forms go through this person.

- Make sure the institution's coordinator becomes familiar with the particular program's administrative conditions and payment schedule. It is a good idea to keep a copy of the application on file for gift reconciliation purposes when the company check comes in. Make sure that the coordinator signs the form personally (no signature stamp, please) and confirms the exact amount of the gift received.

- If the school has any concerns or questions about gift eligibility, receipt of form, or policy matters, go directly to the company, not through the employee.

I hope these pointers will be helpful to you in your relationship with corporations. More important, I wish you success in your efforts to keep our American educational system alive and strong.

Chapter 13

FOUNDATION RELATIONS: THE INSTITUTIONAL PERSPECTIVE

Robert B. Rasmussen
Vice President for College Resources
Union College

Working with foundations is a particularly exciting and challenging aspect of institutional development. It is in this area that the development officer finds him or herself acting in the role of broker, matching the interest of the potential "grantee" with that of the potential "grantor" and helping to build a bridge between the two.

As a newcomer to the field, you can find many books that cover the techniques of grantsmanship and the craft of writing proposals. Few of these guides, however, deal with the personal and institutional relationships involved. This chapter will introduce you to the world of foundations and tell you about the human perspective. It will give you a feeling for soliciting foundation personnel and for working with the faculty and staff of your own college or university who want grant support to further their activities.

What is a foundation?

The first and most valuable resource you should acquire is The Foundation Directory. It is available from The Foundation Center, 888 Seventh Avenue, New York, NY 10019. The introduction to this book provides an excellent definition of foundations in all their many forms and manifestations. A foundation, it says, is: "a nongovernmental, nonprofit organization, with funds and programs managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare, primarily through the making of grants." That is our working definition.

Defining the mystique of foundations

It might be wise to briefly explore some of the mystique and romanticism that cloak a college or university's relationship with the foundation world. Foundations provide a substantial and important source of funding for educational institutions that merits a carefully planned and highly professional approach. However, they also have an aura about them that leads us to expect far greater support than is feasible.

According to the Council for Financial Aid to Education, the total dollars contributed by individuals is usually two-and-one-half times greater than the support provided by foundations. The difference is actually even greater than this when you consider that many individuals use the vehicle of a closely held foundation to make their gifts. In addition, a high percentage of foundation grants go to a very small number of prestigious private and public research universities. Many people overlook these facts and have unrealistically high expectations about the amount of foundation support they can expect.

The lure of seeking foundation support has a dimension beyond the financial. There are a number of reasons for this: the type of support foundations provide, the recognition an institution receives from obtaining foundation grants, and the competitive factor.

You can uncover specific types of foundation support by conducting detailed research in conjunction with proposal development. However, be prepared to research in depth. Foundations often identify very special areas of interest. The funding they provide is often times not otherwise available to a college. In the area of support for programs in academic development, for example, many foundations offer programs providing "venture capital" that is extremely hard, if not impossible, to obtain from other donors. With the benefit of professional staff and advisory committees drawn from the ranks of academe, many institutions can develop programs for academic support that are highly sophisticated and speak to innovative and complex educational needs.

But beyond the significance of funding, foundation grants have an added mystique because they bring prestige to a college or university. Presidents and faculty members are particularly attuned to this. Grants are marks of achievement recognized in the academic community and invariably cited in the vitae of faculty members. Many faculty members may be adverse to seeking support from individuals and, in fact, often find the entire matter of "going after money" distasteful. However, they can and do become most enthusiastic about approaching the foundation sector. Presidents too, while far more institutionally oriented, cannot ignore the particular lure of foundations and the recognition that comes with major grant support.

Within the development profession, we emphasize foundation giving because of the competitive factor. Although our alumni are often the greatest single source of support for our efforts, they are a constituency that is unique to our institutions. While we may compete indirectly with institutions in areas such as participation rates and total dollars received from alumni, a major arena in which we compete head to head is the foundation

grant sector. And within that broad, general sector, much of our attention is focused on a few major foundations in particular. Gather any group of development professionals together and before long the conversation will turn to foundations. The anecdotes will flow concerning the various persons' last visits to specific foundations and the experiences gained in these adventures. Much as sea captains will talk about visits to exotic ports, development professionals recount their adventures in visiting foundations.

Know your institution

With some background in the nature of the program, the preparation for foundation solicitation follows many of the same steps necessary in soliciting support from any potential benefactor. First, know your institution. Every advancement professional should be thoroughly knowledgeable about the nature of the organization he or she serves, its purposes, its particular strengths, its plans, and its needs for implementation of these plans. Within the sphere of the institution itself, you must know the specific expertise of members of the faculty and the thrust of their programs. It is mostly for these faculty and programs that you will prepare proposals to be presented to foundations. Further, you must know the relative priority your institution places upon the various programs for which you are seeking support. Foundations like to feel that they support programs of a high priority; approaches for unclassified programs are counterproductive. While setting priorities is critical, it is a responsibility of the academic leadership of the institution, not the development office.

Know your prospects

Know the foundations you will be asking for support and why you are doing so. Perhaps the most often heard lament of the professional foundation officer concerns the amount of time spent dealing with proposals that do not fall within their areas. Mistakes like this are inexcusable. Granted, there are over 19,000 private foundations in the United States. However, the largest 3,300 control 93 percent of all foundation assets and award 89 percent of all grant dollars distributed. Basic information about areas of interest and giving priorities is readily available on nearly all of them. There are myriad publications offered for your guidance in this field. Two of the best known, which should be staples in the library of any development officer concerned with foundation support, are the Foundation Directory, mentioned earlier, and the Taft Foundation Reporter. In addition to using publications, periodically visiting the Foundation Center Library nearest you is a must.

There are more than 60 such centers throughout the U.S., and at least one in every state. You should also do personal research including visits to the foundations you are considering approaching.

Avoid the pitfalls

The reason many development officers submit inappropriate proposals to foundations is because they have succumbed to the "there's money there, let's get some of it" syndrome. Driven by pressures to "look good" in the foundation program and to appease an insistent and persevering faculty member (or president), many proposals are written and submitted in the wild hope that somehow a grant may be forthcoming. Not only will this strategy usually fail, the image conveyed of the institution submitting it is a negative one. An ill-conceived proposal wastes the time of the people preparing it and can hamper the consideration of subsequent proposals to the same organization.

Look at the problem from the perspective of a foundation officer with a finite amount of funds to disperse and a seemingly infinite supply of solicitors. A conscientious foundation officer has to weigh a wide variety of factors to decide which of the proposals submitted to his or her organization will ultimately be funded. It is not an easy task. As sensitive and competent professionals, we know we can't expect them to react positively to proposals that are very simply a waste of their time.

Do your homework

Foundation research does not end with the simple identification of foundations whose areas of interest and geographical concentration seem to match your institution. Foundations also have schedules that dictate when they receive proposals and how those proposals should be presented. Respect these guidelines. If a written proposal with specific appendices is required, send what is needed when it is needed and in the form it is requested. Some foundations encourage visits in conjunction with the presentation of a proposal, others do not. Whether or not a visit is appropriate in presenting a proposal, few foundations object to a visit for the purpose of learning more about its organization, how one makes a proposal to it, and the potential interests the foundation and your institution share. Laying this groundwork is the responsibility of the development professional.

Cultivate and use your friends

Foundations, like individuals, are also open to cultivation. No less than an individual donor, they like to

know the institution they are supporting. The development of a cultivation program prior to the submission of a proposal is a good idea provided that, as in an individual cultivation, you do it properly and carefully.

In cultivation and in proposal submission, too, one component that you should look at very carefully is the use of "influential friends." A supportive endorsement from someone whose judgment the foundation respects often can help. However, if you do it crudely or haphazardly, it can also backfire. Most foundations regard themselves as professionally administered and a heavy-handed attempt at inappropriate influence can have very strong negative consequences.

Do not overlook the potential for the endorsement of influential friends but be very careful. A standard development technique is to periodically circulate to the board of trustees and other close friends a list of all foundations whose giving patterns seem to match your institution's program. Ask them to identify who they know at these foundations. By all means do this but also be very judicious in the use of these contacts.

Similarly you should canvass your faculty in search of foundation contacts, but be careful. Most of your faculty will, in fact, know very little about the foundation world and look to you for guidance. Among those that do know foundations, you will find varying degrees of cooperation. Very much as in other special interest relationships, faculty members who think they have an "in" with a foundation might be somewhat reluctant to share their information unless they are to be involved in the proposal presented. This is not always true but it is true often enough to be a factor that you should consider.

Presenting the proposal

You must present the proposal in the form requested by the foundation to which you submit it. Further, it should represent the best possible presentation for your institution. In this regard you have an absolutely essential role in critiquing a presentation before it is submitted. Many proposals are quite complex and even exotic, dealing with requests for funding academic programs of great complexity and requiring leading-edge expertise. No development professional can become deeply knowledgeable in every area of academic interest. You should be able to recognize clear writing and effective organization in a proposal. You have an obligation to be a tough critic of your college's request. I like to think that our proposals have already had the most rigorous critique they ever will receive before we deliver them to the foundation. In addition, you should know the purpose of a grant, how it will be administered,

how the results will be measured, and very, very importantly, how you will keep the foundation informed about the progress of the program its grant is funding. This latter category falls under the heading of stewardship and it is one of the most important and yet most easily overlooked components of good grantsmanship.

Stewardship

A successful grant not only provides its own benefit, it is often the precursor of another proposal to the same foundation, or to another one. Good stewardship can make the difference between a one-time grant and continuing support. Stewardship is a role which is the specific responsibility of the development professional. You are the person responsible for setting up the schedule of stewardship reports and for being certain that they are presented on time and with the necessary information.

An individual with a dedication to higher education and with the professional talents of a good development officer can work well and effectively in carrying out a foundation solicitation program. There are risks and there are rewards, triumphs and disappointments, but foundations are an important component in private support of higher education. This alone mandates our involvement.

Chapter 14

FOUNDATION RELATIONS: THE FOUNDATION PERSPECTIVE

Walter E. Brooker
Christian Johnson Endeavor Foundation

Foundations have played a vital part in support of the nation's educational institutions since the early part of the 20th Century. In fact, it all started even earlier when George Peabody created The Peabody Education Fund in 1867 to help reestablish and strengthen schools in the war-ravaged Southern states. It is interesting to note that this fund's first award was a challenge grant. The foundation offered the town of Rome, Georgia $1,000 for its public schools if the community would raise $3,000 through taxes for its school system.

Be that as it may, the sweeping and varied educational support grants by foundations as we know them today spring from a multi-institution support pattern started in 1902 by the General Education Board, a predecessor of today's Rockefeller Foundation. Of the nation's colleges and universities, 291 received some $60,000,000 from this body during the first 23 years of its existence. Here, too, the challenge grant technique was used to attract an additional $140,000,000 in new resources for the qualifying institutions. Aspiring professionals will find it worthwhile to read Adventure in Giving, by Raymond B. Fosdick, published in 1962 by Harper in New York, and The Challenge Grant and Higher Education, by D. Ray Hostetter, President of Messiah College, published in 1966 by the American College Public Relations Association, one of the two predecessor organizations to CASE.

Fosdick's book, a history of the General Education Board, is worth reading just for the chapter on medical schools, since the impact of that organization's support of medical education in the United States is perhaps one of the great foundation success stories.

From this beginning has come a myriad of support programs from growing numbers of foundations both large and small, concerned with all levels and aspects of education. Though foundation grant dollars tend to represent but 9 to 10 percent of the total support of education in any given year, American philanthropic foundations constitute an important constituency for educational institutions.

The reasons for their importance are numerous. In some instances foundations are the source of the six or seven figure grants so necessary to fulfill a major need, underwrite an

important project, or build a base to assure a multi-million dollar program. In addition, many foundations are innovators. As such they generally give a sympathetic hearing to the institution seeking to introduce a new educational service or to provide an old educational service in a more effective manner. Furthermore, foundations by virtue of the varied range of their interests in such areas as faculty development, curriculum reform, research, and student aid, to name but a few, help ensure a constant reassessment and renewal process by the institutions that seek their support.

Foundations also help focus public attention on vital educational needs and issues. For example, the Carnegie Corporation played a vital role in ensuring a viable retirement program for teachers and educational administrators. In the 1950s when teachers' salaries were suffering from the effects of post-World War II inflation, the Ford Foundation's wide range of faculty endowment grants to colleges and universities focused national attention on faculty salaries. A decade later, the Ford Foundation, through its Special Program in Education, dramatically highlighted the needs of colleges and universities by challenge grants totaling $277,000,000 to 57 colleges and 13 universities. Other private sector sources were required to contribute another $729,000,000 to fulfill the conditions of the challenges. The impact of this program far exceeded the billion dollars it generated in new resources. It established long-range planning on the campus. For a host of institutions it raised sights and developed the self-confidence necessary to launch the many million-dollar campaigns and programs which have become so prevalent today.

In working with foundations it is wise not to generalize since foundations tend to be as different as individuals. They range from the large, institutionally structured organization at one end of the spectrum to the small, family foundation that is much more informal in structure and operating procedures on the other. With the former the decision-making process usually involves many persons under carefully established procedures followed by officers, committees, trustees and, on some occasions, experts called in as consultants and evaluators. At the other end, the less institutionalized foundation, the decision-making frequently will rest with but one person. Perhaps the only safe generalization would be that most foundations fall somewhere in between the two extremes. What is important is that the development professional learn the characteristics of the foundations to which his or her institution's appeals will be addressed. Then his or her efforts should be directed within the framework of those characteristics.

Generally, foundations are quite open about their interests, their operating procedures, their resources and their giving records. Indeed, they publicize this important information frequently in published reports, policy statements, and operating guidelines. If this data is not provided by their own publications, federal law requires that essential data regarding resources, grants, and expenditures be reported annually in their tax returns, known as 990-PF forms. Furthermore, these are considered public information and become available for reference at The Foundation Center and its nationwide branches and through various published foundation profile services.

Normally, the most important information published by a foundation is its policy guidelines statement. This presents its current philanthropic interests and operating procedures. If you assess a foundation as a prospective source of support simply by analyzing its past grants record, you run the risk of seeking support for a project that no longer falls within the foundation's area of interest.

For example, the Christian Johnson Endeavor Foundation has engaged in general giving since its incorporation in 1952 with emphasis on health care, medical research, and education. Three years ago its board of trustees voted to narrow its area of support to education and the arts. Since that policy change the foundation has not considered proposals in areas other than education and the arts. It has, however, continued to make grants for health care, medical research, and other areas to complete funding of commitments made prior to the policy change. Thus, the development officers who assess the foundation's interest by its recent grants mislead themselves as to its current interests. Unfortunately, far too many continue to make this error. Despite the fact that the change in the foundation's support areas has been clearly stated in its published guidelines these past three years, it still receives an average of 30 to 40 proposals a week concerned with health care and medical research. The truly professional development officer knows his or her foundation by knowing its guidelines.

With that knowledge, you should make your approach within the framework of the foundation's operating procedures. If a foundation indicates that it wishes at the onset, a simple letter providing a brief description of the project or need to be addressed, don't attempt to bypass this request by submitting a full, many page proposal. To do so is not only discourteous, time-consuming, and unrewarding but detrimental to your institution's image within the foundation. Learn the guidelines and abide by them.

Ideally the next step would be a visit. Particularly helpful is the visit that takes place on campus giving the foundation officer the opportunity for a site inspection

and to see the institution at firsthand. These golden opportunities seldom come to pass because of time pressures on foundation personnel. Where it does occur, it is the development officer's responsibility to see that the visit is as informative, pleasant, and rewarding as possible. It is essential that the institution's president and members of its faculty and staff involved in the need or project being addressed be available for consultation.

More frequently the visit will be in the foundation's office. On these occasions it is essential that the president or a senior academic officer be present. Some of the large, institutionally structured foundations only want to see presidents, or in some cases with large institutions, senior deans. Honor this wish when it is known to you. Trying to make an exception of the foundation's regular procedures will only create annoyance and might well reflect on your institution.

Since foundations tend to be thinly staffed, don't lose sight of the fact that your host's time is limited. Make the visit friendly but brisk and to the point. Review the strengths of your institution's educational mission and services. Relate your grant request to a viable means of extending and improving these services. The visit should be an oral presentation of your project or need. As such it provides a "give and take" opportunity to learn resistance points that could arise as the proposal is later evaluated by the foundation. For this reason it could be unwise to use the formal proposal as the starting topic of your meeting. If it is with you at the time of your call, don't turn to it until the end of your discussion and only then if you are confident that it covers all the points of interest voiced by the foundation and does not conflict with objections that came out of your discussion. If there are resistance points, it would be better to rewrite and submit the proposal following your meeting.

The development officer, as the person who researched the foundation, is invaluable when the proposal stage is reached. The real professional will remember the importance of brevity, clarity, and the simple declarative sentence. Foundation people are burdened by inordinate amounts of material to be read and evaluated. Remember that your proposal could be but one of 50 awaiting the reading and evaluation process. By all means make your document as complete and descriptive as possible, but strive for quality rather than quantity in the presentation. The poorly drafted proposal made bulky and confusing by sheer verbiage faces insurmountable odds as it competes with clear, well-drafted, and succinct proposals arriving on the foundation officer's desk.

If the documentation of your appeal gets a low grade on its first reading, there is little chance it will receive an affirmative response. The quality of the proposal is as critical to the successful foundation appeal as the statement of the case is to a capital campaign.

Successful results with foundations come as a result of effective development effort. My 25 years on the development side of the desk taught me the three basic steps of identification, cultivation, and solicitation. These same steps apply to work with foundations.

The identification step is simpler than is the case with individuals since the essential data regarding resources, specific areas of interest, size of gifts, and stated giving procedures are more readily available. Possibly this makes the cultivation process less important with foundations. Yet cultivation cannot be overlooked. It will be most effective if you make certain that approaches, appeals, and negotiations fall within the framework most comfortable to the foundation's personnel. In short, conduct your efforts within the framework of procedures established by the foundation.

Included in the case for foundation cultivation is the frequently overlooked need for reporting. A successful foundation effort does not end with a prompt and gracious acknowledgment. The relationship must go on with a reporting process that demonstrates to the grantor that the funds provided the grantee institution represented a sound and effective investment. Adequate reporting is not only the courteous thing to do but the essential action for the institution seeking continued foundation support.

Development and foundation people share a common interest in philanthropy and the means by which it can help keep America's diverse system of education strong and viable. Only the perspective varies between applicant and grantor. Keeping this sense of partnership in mind will help the development professional work effectively with foundations.

SUGGESTED READING FOR THE NEWCOMER

The authors in this volume have tried to give you both a place to start and an idea about how to proceed. You will be surprised how quickly you learn and how much you already know.

Keeping well informed about trends in development is critical. CURRENTS, CASE's monthly publication, has been mentioned several times. It is of great value not only because of the practical and timely articles but also because it reports where the people in this business are and what they are doing. We can learn a great deal from one another.

There is much to read about this and related fields and there are good detailed bibliographies available. The suggestions that follow are meant as a starting point. They are not, however, books that should be read and put aside. Rather, they are the kind of works you will want to refer to and reread from time to time. Most are titles commonly found on the shelves of successful advancement officers. Listen, talk, read, think, and enjoy!

-- P.F.

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